industry margins compared with subject and other market conditions.

- Analyzed the economic damages of an exclusive distributor of sporting good products due to product defects. Calculated the economic impact to the distributor over an eight-year period, including lost profits, carrying costs of inventory and other incremental costs. Project necessitated analyzing the performance of over forty products and determining the cause factors impacting the diminution of profits.
- Provided rebuttal analysis of a $20 million claim for lost profits in a construction claim for an Arkansas highway project. Addressed the issues of causation as well as analyzing the underlying assumptions of the lost profit claim. The indirect claim for lost profits was dismissed on summary judgment, in part based upon our financial analysis of the causation issue.
- Determined the lost profits allegedly sustained by a provider of programming to the hotel industry, related to a breach of the right of first refusal for a satellite transponder. Coordinated industry experts in various areas including hotel/motel management, advertising, consumer demands, economic trends, cable programming and venture capital availability to analyze the feasibility of the programmer's claim.
- Calculated the economic damages, including lost profits and incremental expenses, in the largest asbestos case in Colorado for a major suburban shopping mall.
- In a contract dispute, determined the value of the restaurant operations included as part of a major Colorado ski resort. Analyzed market trends and restaurant industry comparables for use in the valuation. Also used industry information to benchmark against actual results, to determine management effectiveness.
- Analyzed the value of a franchise fast food establishment related to a breach of contract. Engagement included analyzing various offering circulars for franchises to determine relevant value drivers for similar franchises. Analyzed demographic data related to California communities included in franchise agreement.
- Analyzed a lost profit claim related to a chain of fast food restaurants in a breach of contract matter. Analyzed store-by-store financial metrics to determine average store results compared to subject stores. Analyzed economic and demographic trends in areas adjacent to subject stores.

Insurance Claims

- Analyzed the claim by a hospital related to the flooding of the facility. Engagement involved detailed analysis of the impacted departments and the financial impact of substituting less profitable services for higher margin services due to inability to provide full service medical operations. Also analyzed specific incremental staff costs incurred during the flood and cleanup period.
- Analyzed and assisted in preparing the claim of a large food manufacturer related to an explosion and fire in its primary manufacturing facility. Claim exceeded $100 million, which was settled expeditiously.
- Assisted risk management officer in analyzing a claim related to a fire at a resort

community. Claim involved business interruption for a variety of resort functions as well as property losses.

- Assisted in preparing the claim for a large training facility related to computer outages from lightening strikes. Analyzed business interruption claim and collateral losses. Claim eventually was settled in litigation.
- Assisted in claim related to a power outage for several business related to extended power outages related to a major train derailment.

Intellectual Property

- Analyzed the economic damages sustained by a construction product manufacturer due to an alleged patent infringement. Also analyzed the lost profits of the defendant company in a counterclaim for breach of contract. Analyzed market potential for the product, impact of noninfringing substitutes, marketing and distribution channels and other factors impacting sales volume and expenses.
- Analyzed the economic damages sustained in a patent infringement matter by an inventor in the sporting goods industry. Detailed analysis including addressing Georgia Pacific factors related to determining a reasonable royalty. Opinion included market royalty rates, royalty rates on other company products, incremental gross profit on patented property, and profit split method.
- On a consulting basis, analyzed the damages of a producer and global marketer of rubber-based products. Allegations included patent infringement trademark infringement, copyright violations, theft of trade secrets and fraud. Claim for damages exceeded $1 billion. Working for the defendant, analysis included impact of market and distribution channels on lost profits as well as reasonable royalty calculation.
- Analyzed the economic damages of one of the largest software companies in the world related to a patent infringement case. Analysis included determining product gross profitability for those alleged to have infringed the property. Also assisted in analyzing the appropriate royalty rate and allocating the revenue to the patented and nonpatented features of the product. Case settled for $100,000,000 less than claim.
- Analyzed the damages in a patent infringement matter related to modular cells for prison units. Engagement included a detailed analysis of a reasonable royalty, based in part upon the Georgia Pacific factors. Reasonable royalty was based upon market derived data, established rates by licensor and licensee, prior licensing history between the parties and analytical analysis of various profit measures.
- Analyzed value of patented technology for various biomedical devices held by a company for a potential acquisition. Analyzed the patented and nonpatented products to determine synergies and purchase drivers between the products since only a portion of the portfolio of products was to be purchased. Also considered impact of governmental approval process on value of patented properties that were still in clinical trials. Determined range of values based upon reasonable royalties obtained in the market place and from other analytical measures.
- Analyzed the value of patented technology in a laser devise used for noninvasive surgeries and dental work for a transfer to an off-shore entity for tax purposes. Engagement included

analyzing the profit stream from the laser device as well as market derived rates.

- Analyzed the range of reasonable royalty for physicians developing a drug for cancer treatment. Patented property was related to improving efficacy of radiation treatments. Using analytical data and market derived rates, assisted in negotiating license with a biotechnology company.
- Analyzed the economic losses in a matter involving the alleged infringement of trademarks for a line of personal beauty products. Testified for the defendant in deposition regarding the economic damages sustained as well as presented counter claim testimony. Issues included analyzing relevant markets for personal care products, product survey information regarding product characteristics influencing buyers decisions, internet advertising, and product distribution channels for impact on damage analysis. Case resolved in settlement.
- Analyzed the lost profits sustained by the developer of a sporting good product resulting from an alleged trademark infringement. The economic damages were calculated both as the lost profits of the developer of the product based upon its own historical results as well as analyzing the profits of the alleged infringing entity. Also analyzed damages related to the cost of corrective advertising in conjunction with an advertising expert.
- Testified for the defendant in an injunction hearing regarding the nature of the advertising revenue as the primary source of income, the overlap in advertising between the “webzine” and magazine and the potential impact on economic damages. Case related to an alleged trademark infringement by a “webzine” of a magazine title.
- Analyzed damages of plaintiff related to disparagement of Ameritech Corporation’s management of the alarm company post-acquisition. The case related to the alleged infringement of a trademark for a burglar alarm company purchased by the plaintiffs. Analyzed detail records of clients for overlap caused by clients subscribing to the defendant company due to disparaging information supplied to Ameritech clients in violation of a noncompete agreement as well as infringing use of trademarks.
- Performed royalty examinations for a multinational software company. Supervised multilingual and disciplinary teams to perform royal “audits” in several countries and domestically. Developed regular maintenance program for ongoing audits of contracts on a scheduled basis. Resulted in recovery in excess of $10,000,000, and assisted in favorable renegotiations with joint venture partners.
- Performed a royalty examination in a dispute between a software producer and distributor. Calculated the economic damages allegedly sustained by the software producer due to the alleged under reporting of software sales. Testified in arbitration regarding the results of our findings.
- Performed royalty examinations of five different licensees under contract “audit” rights for a developer of software. Worked with clients and licensees to resolve disputes, recovery of more than $1,500,000, and renegotiation of contracts.

Post Acquisition Disputes

- In a post-acquisition dispute, analyzed the results of certain long-term contracts obtained as part of a purchase of an international engineering firm. Analyzed the accounting treatment and financial results of the contracts, both pre- and post-acquisition, and the impact on the

valuation of the business.

- Analyzed the lost profits due to alleged fraudulent misrepresentations in a purchase of a restaurant chain. Analysis included store-by-store data of prospective revenue and profitability, compared to those actually achieved. Analyzed market and economic trends in regions in which the restaurants operated to determine impact on profitability and sales from issues unrelated to the alleged misrepresentations.
- Served as an arbitrator in a dispute involving the closing balance sheet working capital provisions of a purchase agreement. In the medical insurance industry, analyzed the proposed adjustments to working capital including accounts receivable, reserves for losses and contingent liabilities.
- Prepared a claim of working capital adjustment related to the closing-balance sheet provisions of a purchase agreement in the computer storage industry. Analysis included inventory accounting, accounts receivable and deferred revenue.
- Analyzed the propriety of accounts receivables included in the representations and warranties in the purchase of an environmental services company. Allegations involved intentional overstatement of accounts receivable later determined to be uncollectible by the purchaser.

Telecommunications

- Analyzed the economic damages of a company that terminates traffic for other telecommunications companies who provide a variety of services to end-users. In a contract dispute with one of its clients, analyzed the lost profits as well as the diminution in the value of the business. Analysis included determining network capabilities in regions covered by the agreement during peak and off-peak time periods to determine availability of volume due to switching constraints.
- Analyzed the economic damages asserted in a class action matter against a RBOC. Analysis included detailed records for thousands of customers asserting held order claims over a six-year time period. Downloaded data records related to customer orders, service delivery, billing and customer data. Analyzed relevant tranches of class participants and related damages.
- Analyzed payments made by a major telecommunications company to a switching vendor over a five-year period of time. Based upon contract terms, worked with the company's engineers to determine how the provisioned switching products impacted the billing requirements under the contract. Analysis related to whether charges made by switching vendors were in excess of contract terms. Analysis resulted in multi-million dollar settlement with vendor.
- Analyzed payments made by a major telecommunications company to a single source construction vendor. Issues related to the propriety of charges incurred compared to services delivered over a period of several years. Analysis was used for negotiating a new contract with the contractor.
- In a contract dispute assisted in analyzing the viability of a "C-Block" license holders' business plan and the reasonableness of the company valuation. Researched "C-Block"

license auction values and results of operation of "C-Block" auction recipients.

- Oversaw an engagement in which 200 competitive local exchange carrier (CLEC) contracts were analyzed to extract compliance issues for billing and provisioning by a major telecommunications company. Results provided service representatives with information for communication with CLEC's.

Miscellaneous

- Prepared analyses of lost wage claims, lost profit claims and incremental costs incurred in various personal injury matters. Based upon the opinions of rehabilitation specialists and career counselors, prepared damage analysis based upon the estimated reduction in worklife expectancy, decreased earnings potential or incremental costs incurred related to the alleged injuries.
- Analyzed value of businesses conveyed in pre-bankruptcy transactions related to claims of fraudulent conveyance.
- Assisted in economic analyses related to wrongful termination matters, including lost wage and benefit claims.
- Valued the stock of closely held businesses in a dissenting shareholder action, lender liability matter, condemnation proceeding and various marital dissolutions.
- Valued the stock of a closely held chain of restaurants for the purpose of spinning off certain restaurants to form a new company.
- Valued the stock of the largest oyster processing company in the world for a Northwest financial institution. The bank had acquired the company through foreclosure and required the valuation as part of its internal procedures required to sell the entity to an outside party.
- Valued a 50 percent ownership interest in an alarm monitoring company for a buyout of the partial owner's interest.

Speaking Engagements

Addressed various state and local bar associations as well as other continuing legal education providers on the following matters:

- Valuation Intricacies
- Financial Statement Analysis and Presenting Financial Data at Trial
- Use of Economic Experts in Commercial Litigation and Case Management
- Valuation Issues in Fraudulent Conveyance Matters
- Valuation in a Cram Down Bankruptcy Proceeding
- Valuation of Businesses in Mergers and Acquisitions
- Valuation of Intellectual Property
- Valuation Issues for Biotechnology

Publications

- Coauthor of "Calculation of Economic Damages in Commercial Litigation," Totaltape

Publishing Company, Tampa, Florida, 1990.

- "Valuing Intellectual Property: The Science and the Art," The Colorado Lawyer, August, 1997.

Education

University of Northern Colorado—B.S. in Business Administration, emphasis in Accounting

Summary of Testimony

Case	Case Number	Type of Testimony	Law Firm Client	Year
Edward Malo vs. Breckenridge Spa and William Benkelman	U.S. District Court of Colorado 92-M-2537	Deposition	Bradley Campbell Carney & Madsen	1994
Asolo SpA, et al. vs. Giancarlo Tanzi	U.S. District Court of Colorado 93-Z-1778	Deposition, Trial	Hale & Dorr	1995
LittleWing Co., Ltd. vs. Mesch & Associates d/b/a StarPlay Productions	AAA Arbitration	Arbitration	Holme Roberts & Owen LLC	1995
TLB, INC., an Ohio corporation, vs. Platinum Software, a California company	U.S. District Court of Colorado 95-WY-621	Deposition, Trial	Coghill & Goodspeed, P.C.	1996
Primedia Intertec Corporation vs. Technology Marketing Corporation	U.S. District Court of Kansas 98-2384-KHV	Trial	Locke Reynolds Boyd & Weisell Sonnenschein Nath & Rosenthal	1998
Mountain Ocean, Ltd. d/b/a Everybody Ltd. vs. For Every Body, Inc.	U.S. District Court Of Colorado	Deposition	Jones, Waldo, Holbrook & McDonough, P.C.	1999
Prism Management Enterprises, Inc. vs. Crane Leake Casey Ehlers & Eggleston, P.C.	District Court, La Plata County 97-CV-412	Deposition, Arbitration	Jacobs Chase Frick Kleinkopf & Kelley, LLC	1999

Ameritech Corporation v. Jackson Burglar Alarm	U.S. District Court of Colorado 98-N-2432	Deposition	Holme Roberts & Owen	1999
The Quizno's Corporation v. Robert W. Mitelhaus	AAA Arbitration	Arbitration	Preeo, Silverman & Green	1999
Gulf Communications, LLC v. Business Telecom, Inc., d/b/a BTI Telecommunications Services	398CV2444-6 U.S. District Court for Northern District of Texas, Dallas Division	Deposition	Kyle & Mathis	1999
Southwest Recreation Industries, Inc. v. Fieldturf, Inc. and Fieldturf International, Inc.	A-00CA063-SS U.S. District Court for the Western District of Texas, Austin Division	Deposition	Brown, Todd & Heyburn PLLC	2000
Anthony G. Petrello and Cynthia Petrello v. Renaissance Builders, Inc. and Chandler Robinson	199-51358 The District Court of Harris County, Texas 270th Judicial District	Deposition	Fulbright & Jaworski LLP	2001
Omagro De Columbia, L.D.C. vs. MCN Energy Enterprises, Inc., formerly named MCN Investment Corporation	67-180286-99 The District Court of Tarrant County, Texas 67th Judicial District	Deposition and Trial	Shannon, Gracey, Ratliff & Miller	2001
Blitz Holdings Corp. v. Interamericas Financial Holdings Corp.	Civil Action No. H-00-2247 United States District Court for the Southern District of Texas Houston Division	Contempt Hearing	Wilshire Scott & Dyer	2001
Hartford Life Insurance Company And Hartford Life & Annuity Insurance Company v. Connecticut General Life Insurance Company	Arbitration	Deposition, Trial	Akin, Gump, Strauss, Hauer & Feld L.L.P.	2002

National Health Insurance Company vs. National Plan Administrators, Inc. Hartford Life Insurance Company, and CRS Marketing Agency, Inc.	GN – 101679, In the District Court, Travis County, Texas 53rd Judicial District	Deposition, Trial	Akin, Gump, Strauss, Hauer & Feld L.L.P.	2003
SOURCECORP, Incorporated, SOURCECORP DMS, Inc. and Information Management Services, Inc. v. Steve Shill, Rita Shill, Robin Meyer, and Mark Meyer	No. 76Y1160016303ARN, American Arbitration Association	Testimony, Arbitration	Steptoe & Johnson, LLP	2004
David Graben and Frank Strickler v. Western Reserve Life Assurance Company of Ohio; Intersecurities, Inc., and Timothy Hutton	03-08-648 The District Court of Wise County, Texas 271st Judicial District	Trial	Akin, Gump, Strauss, Hauer & Feld L.L.P.	2005
Rodney Montello, et al v. Alcoa Inc., Reynolds Metals Company, Bon L. Campo and Tredegar Corporation	The U.S. District Court of Southern District of Texas Victoria Division Civil Action No: V-02-84	Deposition	Baker Botts LLP	2006
Bencor, Inc. v. The Variable Annuity Life Insurance Company	AAA Arbitration	Arbitration	Akin, Gump, Strauss, Hauer & Feld LLP	2006
Highland Crusader Offshore Partners, L.P. et al v. Motient Corporation	Cause No. 05-07996 In the District Court, Dallas County, Texas E-101st Judicial District	Deposition	Fulbright & Jaworksi LLP Lackey Hershman L.L.P.	2007
Gascoigne Melotte Holdings LLC (U.S.A.), Boumatic LLC (U.S.A.), Boumatic-Melotte SPRL (Belgium) v. Punch Technix N.V. (The Netherlands), et al	In the International Chamber of Commerce Court of Arbitration	Arbitration	Baker Botts LLP	2008

Fair Isaac Corporation vs Texas Mutual Insurance Company	Civil Action No. 4:05-CV-03007 in the United States District Court for the Southern District of Texas Houston Division	Deposition	Baker Botts LLP	2008
RCA Holdings, Ltd, et al., v. Commonwealth Insurance Company, et al.	Cause No. 2004-02048 in the 61st Judicial District Court of Harris County Texas	Deposition	Akin, Gump, Strauss, Hauer & Feld L.L.P.	2010
Arthur R. Hausmann; Arthur R. Hausmann P.C. Defined Benefit Pension Plan; and Arthur R. Hausmann P.C. Defined Benefit Pension Plan Trust v. Union Bank of California, N.A. Investment Services LLC; The Hartford Life and Annuity Insurance Company; Christopher Montagna; William Fortner; Economic Concepts, Inc. ("ECI"); and DOES 1-100	Case Number: SA CV 07-1436 AHS (MLGx) in the United States District Court , Central District of California	Deposition	Morrison Foerster LLP	2010
Memorial Herman Healthcare system and The Health Professionals Insurance Company, Ltd. V. State Street Bank and Trust Company; Cambridge Financial Services, Inc., and Ernest A. Liebre	Case No. 07-4089 in the United States District Court for the Southern District of Texas Houston Division	Deposition	Locke Lord Bissell & Liddell LLP	2010
Ralph S. Janvey, in His Capacity as Court-Appointed Receiver for the Stanford International Ban, Ltd., et al vs. James R. Alguire, et al	Case No. 3:09-CV-0724-N in the United States District Court for the Northern District of Texas Dallas Division	Deposition	Baker Botts LLP	2010

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Employee Name	Department	Location	Job Title	Business Card Title	Supervisor Name
Amadio, Henry	SFGC Accounting	US TX Houston	Accounting Mgr	Accounting Manager	Lopez, Gilbert
Leal, Oscar	SFGC Accounting	US TX Houston	Supervisor Corporate Accounting	Supervisor Corporate Accounting	Amadio, Henry
Lopez, Gilbert	SFGC Accounting	US TX Houston	Chief Accounting Officer	Chief Accounting Officer	Davis, James M
Severtson, Anne M.	SFGC Accounting	US TX Houston	Business Systems Mgr	Business Systems Manager	Lopez, Gilbert
Ward, Pamela J.	SFGC Human Resources - North America	US TX Houston	Director	Director of Human Resources - North American Region	Bogar, Daniel T.
Varkey, Johnson (John)	SFGC IT	US TX Houston	Chief Information Officer	Chief Information Officer	Bogar, Daniel T.
Collinsworth, Mark P	SFGC Research and Trading	US TN Memphis	Managing Director	Managing Director-Global Asset Allocation	Holt, Laura L.
Holt, Laura L.	SFGC Research and Trading	US TN Memphis	Chief Investment Officer	Chief Investment Officer	Davis, James M
Palmliden, Frederic A.	SFGC Research and Trading	US TN Memphis	Research Analyst	Senior Investment Officer - Western Europe	Weeden, Kenneth
Weeden, Kenneth	SFGC Research and Trading	US MS Tupelo	Managing Director/Research and Inv	Managing Director- Global Regional Research and investments	Holt, Laura L.
Groves, Denise	SFGC Treasury	US TX Houston	Treasury Analyst	Treasury Analyst	Maldonado, Patricia C.
Maldonado, Patricia C.	SFGC Treasury	US TX Houston	Manager	Manager	Davis, James M
Patlan, Tarrie J.	SFGC Treasury	US TX Houston	Sr Treasury Analyst	Senior Treasury Analyst	Maldonado, Patricia C.
Davis, Rhonda L.	SGC Compliance	US TX Houston	Chief Compliance Officer	Chief Compliance Officer, SCM	Young, Bernerd E.
Jackson, Kerry	SGC Corporate Finance	US TX Houston	Sr VP	Senior Vice President / Controller	Weiser, Charles M.
Weiser, Charles M.	SGC Corporate Finance	US TX Houston	Executive VP	Chief Financial Officer	Bogar, Daniel T.
Pi, Osvaldo	SGC Merchant BK	US FL Miami	Managing Director	Managing Director	Bogar, Daniel T.
Alvarado, Pablo M (Mauricio)	SFGC Legal	US FL Miami	General Counsel	General Counsel	Stanford, R Allen
Amir, Irum	SFGC IT - Shared Services	US TX Houston	Web Developer	Web Developer	Barrueco, Robert C.
Autry, Mickey F.	SFGC IT	US TX Houston	Database Administrator	Senior SQL Database Administrator	Carlo, Ismael J.
Bhanushali, Arvindkumar R.	SFGC IT	US TX Houston	Sr Sybase DBA	Sr. Sybase Database Administrator	Carlo, Ismael J.
Bongartz, Pierre-Yves Willy J. (Pierre-Yves)	SFGC IT	US TX Houston	Odyssey Specialist	Odyssey Specialist	Carlo, Ismael J.
Brown, Marcus W.	SGC Compliance	US TX Houston	Compliance Analyst	Compliance Analyst	Davis, Rhonda L.
Buelna, Joseph N.	SFGC IT - Shared Services	US TX Houston	Web Team Lead	Team Lead, Web Team	Barrueco, Robert C.
Carlo, Ismael J.	SFGC IT	US TX Houston	Director	Director of IT Application Development	Varkey, Johnson (John)
Cross, Ted D.	SFGC IT	US TX Houston	Project Mgr	Project Manager	Kamman, William C. (Bill)
Davis, Rodrick A.	SFGC Security - North America	US TX Houston	Security Mgr	Security Manager	Raffanello, Thomas W.
Duskin, Helen G.	SGC Operations	US TX Houston	Director	Director of Operations Development	Fram, Frederick G.
Flores, Jose D	SGC PCG	US MS Jackson	Financial Planning Specialist	Financial Planning Specialist	Simmons, Edward T.
Fram, Frederick G.	SGC Operations	US TX Houston	Sr Director Operations	Senior Director of Operations	Bogar, Daniel T.
Fullerton, Scott B.	SFGC Accounting	US TX Houston	Sr Accountant	Sr. Accountant	Leal, Oscar
Hoelting, Marcia K.	SGC SIM	US TX Houston	Advisory Services Consultant	Advisory Services Consultant	Gifford, Michael D.
Johnson, Matthew E.	SFGC IT	US NY New York	IT Support Specialist	IT Support Specialist	Lacson, Emerson S.
Juarez, Felipe D.	SFGC Accounting	US TX Houston	Business Systems Analyst	Business Systems Analyst	Severtson, Anne M.
Kamman, William C. (Bill)	SFGC IT	US TX Houston	Manager	Program Manager	Carlo, Ismael J.
Shaw, Lawrence E.	SFGC IT - Shared Services	US TX Houston	Manager	Manager IT Security	Schwarberg, Larry R. Jr.
Lewis, Gareth I. (Ieuan)	SFGC IT	US TX Houston	Project Mgr	Project Manager	Varkey, Johnson (John)
Littlejohn, John C. (Chris)	SFGC IT	US TX Houston	Systems Engineer	Application/Desktop Infrastructure Manager	Merchant, Sohil A.
Merchant, Sohil A.	SFGC IT	US TX Houston	Director - IT Operations	Director, IT Operations	Varkey, Johnson (John)
Nagy, William K.	SGC Compliance	US NY New York	VP	Vice President, Institutional Compliance	Poppell, Ralph Edward
Pass, Trissy L	SGC Corporate Finance	US TX Houston	Manager	Manager, AP & Contract Administration	Liberato, Yolanda J.
Petty, Tiffany R	SFGC Accounting	US TX Houston	Payroll Supervisor	Payroll Supervisor	Lopez, Gilbert
Poppell, Ralph Edward	SGC Compliance	US NY New York	Sr VP/Director Compliance	Senior Vice President/Director of Compliance	Young, Bernerd E.
Ray, Matthew B.	SFGC IT	US TX Houston	Project Mgr	Project Manager	Kamman, William C. (Bill)
Sanchez, Orlando	SFGC Security - North America	US TX Houston	Security Supervisor	Security Supervisor	Davis, Rodrick A.
Sena, Nino Daniel (Anthony)	SGC Compliance	US NY New York	Associate VP	Associate Vice President, Compliance	Poppell, Ralph Edward
Simmons, Edward T.	SGC PCG	US MS Jackson	Vice President, Operations	Vice President, Operations	McDaniel, Douglas M.
Vallabhaneni, Ramagopal C. (Gopal)	SFGC IT - Shared Services	US TX Houston	Oracle Applications Developer	Oracle Applications Developer	Gu, Jian
Vidal-Pope, Shanna	SGC Merchant BK	US FL Miami	Executive Asst	Executive Assistant	Pi, Osvaldo
Whitcomb, George S (Steve)	SFGC IT - Shared Services	US TX Houston	Software Engineering Mgr	Software Engineering Manager	Carlo, Ismael J.
Young, Vanessa Y.	SFGC IT	US TX Houston	Software Engineering Mgr	Data Management Engineer	Whitcomb, George S (Steve)
Fortin, Barbara	SFGC Risk Management	US TX Houston	Manager	Corporate Risk Manager	Davis, James M

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STANFORD

INTERNATIONAL PRIVATE BANKING

STANFORD INTERNATIONAL BANK LTD.

Stanford Financial Group

Stanford Financial Group is a privately held, wholly owned global group of independent financial services companies founded in 1932 by Lodis B. Stanford, grandfather to the current sole shareholder Sir Allen Stanford. Stanford's core businesses are private wealth management and investment banking for institutions and emerging growth companies. Stanford provides private and institutional investors with global expertise in asset allocation strategies, investment advisory services, equity research, international private banking and trust administration, commercial banking, investment banking, merchant banking, institutional sales and trading, real estate investment and insurance. Stanford serves clients from over 100 countries on six continents.

Stanford International Bank is a member of Stanford Financial Group.

international

STANFORD INTERNATIONAL BANK LTD.

private

banking

Stanford International Bank Ltd. conducts business with the world from its headquarters in Antigua. As a member of the Stanford Financial Group, the Bank adheres to business principles grounded in 75 years of proven financial success. Today, Stanford International Bank serves a worldwide community of affluent individuals and their families. Our unique private banking business model provides for the preservation of capital in an atmosphere of professionalism and trust.

Stanford International Bank offers the following advantages:

- Depositor security
- Higher interest rates on deposits
- Secure electronic account access
- Ancillary services
- Five-star personal service
- Innovative products

Depositor Security

Our investment philosophy is anchored in time-proven conservative criteria, promoting stability in our certificate of deposit products. Our prudent approach and methodology translate into deposit security for our customers.

Key components of Stanford International Bank's investment criteria include:

Liquidity. We focus on maintaining the highest degree of liquidity as a protective factor for our depositors. The Bank's assets are invested in a well-diversified portfolio of highly marketable securities issued by stable governments, strong multinational companies and major international banks.

Investment Time Horizons. By continuously matching investment time horizons against terms of deposits we are able to ensure adequate liquidity to meet all customers' requirements.


DEALER CP
LIBOR FIX
30Y MBS
CBT
WTI
(DEC)
(DEC)
(JAN)

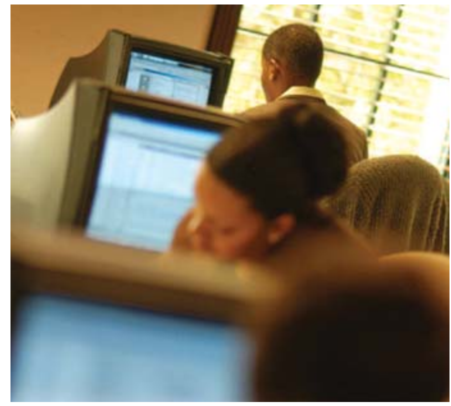
Global Investment Strategy.* Stanford International Bank's global investment strategy minimizes exposure to any one regional market by broadly distributing our investments across many geographic areas.

No Credit Risk.** Stanford International Bank does not expose its customers to the risks associated with commercial loans. Our only form of lending is done on a cash-secured basis solely to existing customers.

Insurance. Stanford International Bank maintains a comprehensive insurance program with the following coverages:

- A depository insolvency policy insuring funds held in correspondent financial institutions
- A bankers' blanket bond
- A directors' and officers' liability policy

Minimization of Currency and Market Risk.* While the values of international investments can be affected by changes in currency rates and market risk, we minimize these risks by adhering to our investment philosophy.



"Stanford International Bank's global investment strategy minimizes exposure to any one regional market…"

* Investing in securities issued by international governments and corporations involves considerations and risks not typically associated with investing in obligations issued by the U.S. Government and U.S corporations. The values of international investments can be affected by changes in currency rates or exchange control regulations, application of international tax laws, changes in governmental administration or economic or monetary policy, or changed circumstances in dealings between nations. Forces of supply and demand on the foreign exchange markets determine international currency change rates. These forces are themselves affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Moreover, foreign currency exchange rates may be affected by the regulatory control of the exchanges in which the currencies trade. Investments in foreign markets can be affected by factors such as expropriation, confiscation, taxation, lack of uniform accounting and auditing standards, and potential difficulties in enforcing contractual obligations and investment policies, and may be affected by extended settlement periods.

** Conservation of principal and interest rates on the CD deposits are dependent upon returns in our investment portfolios. Depending upon the climate in global investment markets, we utilize various investment strategies for the Bank's portfolios, which may include fixed income, equities and currencies. The returns on the Index-Linked CD will also be affected by the Market Index you choose. If the returns on the Bank's portfolios negatively affect our financial condition, then the same could negatively impact return of principal and interest on the CD.

Higher Interest Rates on Deposits

Stanford International Bank pays higher interest rates to depositors for the following reasons:

Consistent Profitability. Stanford International Bank has been consistently profitable since inception. Rather than pay dividends to shareholders on earnings, our business model was designed to use these resources to enhance interest rates to depositors.

Global Investments.* Diversified global investments, not loans, are the primary source of Bank earnings. Interest rates paid to depositors are based on reasonable investment return expectations and are reviewed quarterly by the board of directors.

"Interest rates paid to depositors are based on reasonable investment return expectations..."

Low Overhead. We minimize operational costs and streamline administrative processes by staying true to our core competency—private banking. The Bank also benefits through operational synergies already in place within the Stanford Financial Group.

* Investing in securities issued by international governments and corporations involves considerations and risks not typically associated with investing in obligations issued by the U.S. Government and U.S. corporations. The values of international investments can be affected by changes in currency rates or exchange control regulations, application of international tax laws, changes in governmental administration or economic or monetary policy, or changed circumstances in dealings between nations. Forces of supply and demand on the foreign exchange markets determine international currency exchange rates. These forces are themselves affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Moreover, foreign currency exchange rates may be affected by the regulatory control of the exchanges in which the currencies trade. Investments in foreign markets can be affected by factors such as expropriation, confiscation, taxation, lack of uniform accounting and auditing standards, and potential difficulties in enforcing contractual obligations and investment policies, and may be affected by extended settlement periods.

Zero-Tax Jurisdiction. Our domicile does not tax earnings. This results in more available profit for reinvestment and the enhancement of depositor yields.

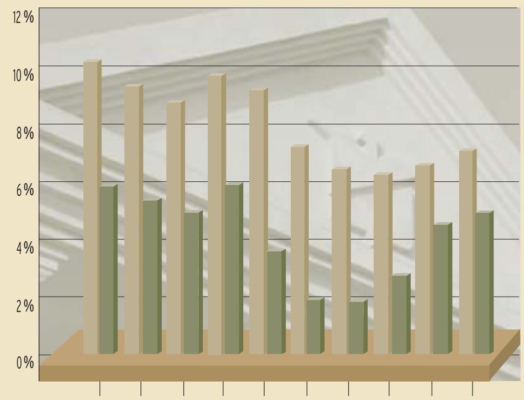
No Loan Losses.* By making only cash-secured loans to its existing customers, the Bank eliminates credit risks and the negative impact on earnings due to loan losses.

Greater Investable Assets. More than 90% of the Bank's own equity position supplements investable assets, improving our income-producing capabilities.

* Conservation of principal and interest rate on the CD deposits are dependent upon returns in our investment portfolio. Depending upon the climate in global investment markets, we utilize various investment strategies for the Bank's portfolios, which may include fixed income, equities and currencies. The returns on the Index-Linked CD will also be affected by the Market Index you choose. If the returns on the Bank's portfolios negatively affect our financial condition, then the same could negatively impact return of principal and interest on the CD.

Over the past decade, Stanford International Bank CDs have outperformed U.S. bank CDs by an average of 3.9%

Interest Rates 1997 – 2006



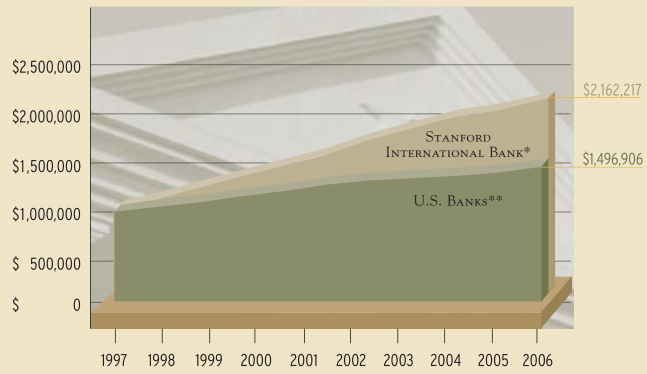
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
SIB Yield (%)*	10.13	9.25	8.71	9.625	9.13	7.17	6.38	6.21	6.52	7.13
U.S. Yield (%)**	5.8	5.3	4.9	5.85	3.55	1.85	1.78	2.7	4.46	5.08

Source: *Bloomberg L.P.*

Stanford International Bank CDs* (not FDIC-Insured)

U.S. Bank CD Averages** (FDIC-Insured)

Performance 1997 – 2006



The above graphics are based on a $1,000,000 deposit invested for 12 months and renewed annually. The information herein has been obtained from sources we believe to be reliable, but we do not offer guarantees as to its accuracy or completeness. Past performance is not a guarantee of future results. All information is subject to change without notice.

* Stanford International Bank Limited CDs are not FDIC-Insured and are not subject to regulation or oversight of any agency of the U.S. government, nor are they subject to any restrictions on how portfolios are invested.

** U.S. Bank CDs are FDIC-Insured and are subject to regulation by an agency of the U.S. government.

Secure Electronic Account Access

Stanford International Bank offers customers access to their account information 24 hours a day, 365 days a year through our private, password-protected website. We continue to work toward making customer access easier, while maintaining the optimum level of privacy and security.

Our customer-only site will always utilize the most advanced firewall software and encryption technologies available in the financial services industry. This helps ensure the privacy upon which Stanford International Bank has built its reputation. We invite both existing and prospective customers to visit our public website **stanfordinternationalbank.com**.

Ancillary Services

Our high-performance accounts and respect for customer privacy are supplemented by a range of ancillary services available to depositors. These include hold-mail and automatic bill paying, available upon request.

"... access to account information 24 hours a day, 365 days a year ..."

The Bank also issues some of the world's most respected payment instruments: American Express® Gold Card*, Visa® Gold Card and Gold MasterCard®

* Offered only to non-U.S. residents.

Five-Star Personal Service

Our Bank was established with a personal service perspective from the very beginning. Individualized attention and a true commitment to depositor needs are standard operating procedure at Stanford International Bank.

Integrity defines our environment, and a firm adherence to an elevated code of values is built into our customer service initiatives. Our private wealth managers speak your language, understand your concerns and discreetly execute your instructions.

Your Stanford private wealth manager can help you diversify into a range of wealth management strategies through our affiliation with the Stanford Financial Group. Expert planning is available in brokerage and investment advisory services, trust administration and insurance.

We invite you to contact us by calling (268) 480-3700.

"Your Stanford private wealth manager can help you diversify into a range of wealth management strategies…"

Innovative Products

Account[1]	Currency	Withdrawals	Additional Deposits	Key Benefits
FixedCDSM [2] [3] *fixed-rate term deposit* 3 months 6 months 12 months 18 months 24 months 36 months 48 months 60 months	U.S. dollars Euros Other international currencies	None allowed. Interest accumulates and is paid upon maturity[4] Interest may be withdrawn[6]	None allowed	Attractive CD rates If base rate goes up, eligible balances [7] receive the higher rate If base rate goes down, clients receive the original base rate until maturity Interest compounded daily Automatic rollover
FlexCDSM [2] [3] *fixed-rate term deposit* 3 months 6 months 12 months 18 months 24 months 36 months 48 months 60 months	U.S. dollars Euros Other international currencies	Up to 25% of principal with 5 banking days' notice, with a maximum of 4 withdrawals per calendar year[4]	Allowed (minimum amount required)	Attractive CD rates with added level of flexibility If base rate goes up, eligible balances [7] receive the higher rate If base rate goes down, clients receive the original base rate until maturity Interest compounded daily Automatic rollover
Index-Linked CDSM [2] [3] 3 years 4 years 5 years	U.S. dollars only	Not allowed for the first 12 months; thereafter, withdrawals allowed subject to penalties[5]	None allowed	Fixed attractive minimum return on investment [8] High growth potential [9] Preservation of capital
PerformanceSM *adjustable-rate open-term account*	U.S. dollars Euros Other international currencies	Any amount Requires 15 calendar days' notice	Any amount, at any time	Adjustable rate of return with easy access to funds Interest compounded daily
PremiumSM *adjustable-rate open-term account*	U.S. dollars only	Any amount Requires 15 calendar days' notice	Any amount, at any time	Adjustable rate of return with easy access to funds Offers yields equivalent to the performance of selected U.S. Treasury bills and notes Interest compounded daily
ExpressSM *adjustable market-rate open-term account (offered as a supplementary account to Stanford International Bank clients)*	U.S. dollars Euros Other international currencies	Any amount Within 24 hours of notification during regular banking days	Any amount, at any time	24-hour access Market-rate interest on qualifying balances[10] Interest compounded daily

(1) This information should not be considered an offer. Please contact your Stanford International Bank representative for current account terms and conditions.

(2) For the U.S. Accredited Investor Program, a minimum opening balance of $50,000 is required.

(3) These CD deposits are subject to restrictions on transferability and resale and, in the U.S., may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

(4) For the U.S. Accredited Investor Program, early withdrawal penalties can range from one to three month's interest, depending on the term of the CD. For the FlexCD, penalties will be assessed on withdrawals greater than 25%.

(5) For the U.S. Accredited Investor Program, the redemption price is the current market value of the investment index calculation less a penalty of 10%.

(6) Minimum balance required.

(7) For the U.S. Accredited Investor Program, eligibility is based on a minimum balance of $250,000.

(8) Interest is paid only at maturity, but may be subject to income taxes in the year it was earned but not received, depending on the tax laws in your jurisdiction.

(9) Returns will be affected by the Market Index you choose and its volatility.

(10) Or currency equivalent.

Stanford International Bank Limited ("SIB") is a private financial institution chartered under the laws of Antigua and Barbuda whose deposits are not covered by deposit insurance protection provided by the U.S. Federal Deposit Insurance Corporation.

SIB's products are ordinary bank deposit obligations and are not securities under U.S. federal or any state law. Therefore, they are not subject to the reporting requirements of any jurisdiction outside of Antigua and Barbuda, nor are they covered by the investor protection or securities insurance laws of any jurisdiction such as the U.S. Securities Investor Protection Insurance Corporation or the bonding requirements thereunder. There is no guarantee investors will receive interest distributions or the return of their principal.

Stanford Group Company may offer SIB CDs to its clients and receive a referral fee from SIB. Referral fees paid do not reduce the principal amount of any CD deposits or any interest earned thereon. Investors who are residents of the U.S. must be accredited investors and may receive this material only when preceded or accompanied by the Disclosure Statement for SIB's U.S. Accredited Investor Certificate of Deposit Program which fully discloses the potential benefits and risks of the investment.

STANFORD

Stanford International Bank Ltd.
A member of the Stanford Financial Group.

Stanford Group Company
Member FINRA and a member of the Stanford Financial Group.

SIB39 ENG ©2008 Stanford International Bank Limited 20467 SIB (Replaces 19511) 4.08 10M EAR

STANFORD

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Stanford Group Company
Member FINRA
5050 Westheimer • Houston, Texas 77056
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Members of the Stanford Financial Group.

KVT-4

SGC Percent of Revenue related to SIBL 2004 - 2008

Year to Date	SGC Revenue-Total	SGC Revenue-SIBL CDs	SGC Revenue-SIBL PE Portfolio Advisory Services	SGC Revenue-SFGC/SFGGM Research Fees	SGC Rev-SIBL % of Total	SGC Net Income/(Loss)	SGC Capital Contributions Received
	A	B	C	D	E = SUM(B,C,D) / A		
12/31/2004	$ 65,434,199	$ 42,925,466	$ 3,957,439	$ -	71.65%	$ (3,628,184)	$ 10,000,000
12/31/2005	97,775,729	56,786,492	5,420,170	-	63.62%	(19,866,431)	21,000,000
12/31/2006	171,477,685	88,116,507	7,368,181	16,000,000	65.01%	(20,509,297)	51,500,000
12/31/2007	204,435,328	77,786,218	8,200,633	17,000,000	50.38%	(27,384,103)	41,750,000
12/31/2008	245,804,348	94,523,080	13,738,259	21,600,000	52.83%	(22,752,483)	51,000,000
Total Rev 2004 - 2008	**$ 784,927,289**	**$ 360,137,763**	**$ 38,684,682**	**$ 54,600,000**	**57.77%**	**$ (94,140,498)**	**$ 175,250,000**

KVT-5

STANFORD

STANFORD INTERNATIONAL BANK

ANNUAL REPORT 2007

AT STANFORD INTERNATIONAL BANK, OUR INDIVIDUALIZED PERSONAL SERVICE, client relationships and global investment strategy transcend borders to preserve and grow our clients' capital, helping to provide financial security in any economic climate.

HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.®

Preservation

At Stanford International Bank, our forward-thinking approach means focusing on what we can achieve in the long term and uncovering new and viable investment opportunities. Through meticulous research and analysis, we strive to reach realistic goals when it comes to our return on investment and preserving the wealth of our clients.

Financial Highlights

(Expressed in United States dollars)

YEAR ENDED 31 DECEMBER 2007

	2007	2006	2005
RESULTS			
TOTAL REVENUE (see Figure 1)	$ 789,479	$ 565,677	$ 431,731
Interest Paid to Clients	437,193	310,635	220,792
Fees and Operating Expenses	308,667	226,193	175,028
Total Expenses	745,860	536,828	395,820
EARNINGS	**$ 43,619**	**$ 28,849**	**$ 35,911**
CAPITAL			
Shareholder's Equity	$ 354,922	$ 311,303	$ 282,454
Percent of Total Assets*	5.03%	5.83%	6.96%
Percent of Total Client Deposits*	5.31%	6.21%	7.51%
YEAR-END BALANCES			
TOTAL ASSETS (see Figure 2)	**$ 7,057,883**	**$ 5,336,317**	**$ 4,059,114**
TOTAL DEPOSITS (see Figure 2)	**$ 6,689,964**	**$ 5,010,084**	**$ 3,763,011**

*Based on year-end equity as a percentage of year-end balances of assets and client deposits.

Figure 1. **REVENUES**
Dollars (in millions)

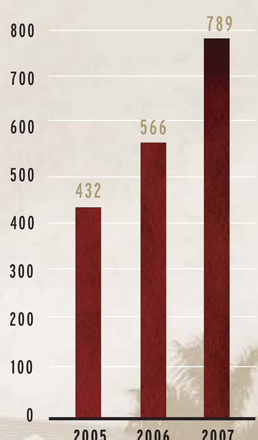
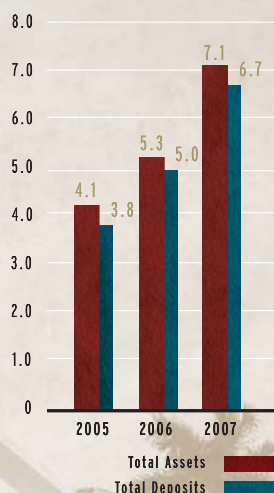
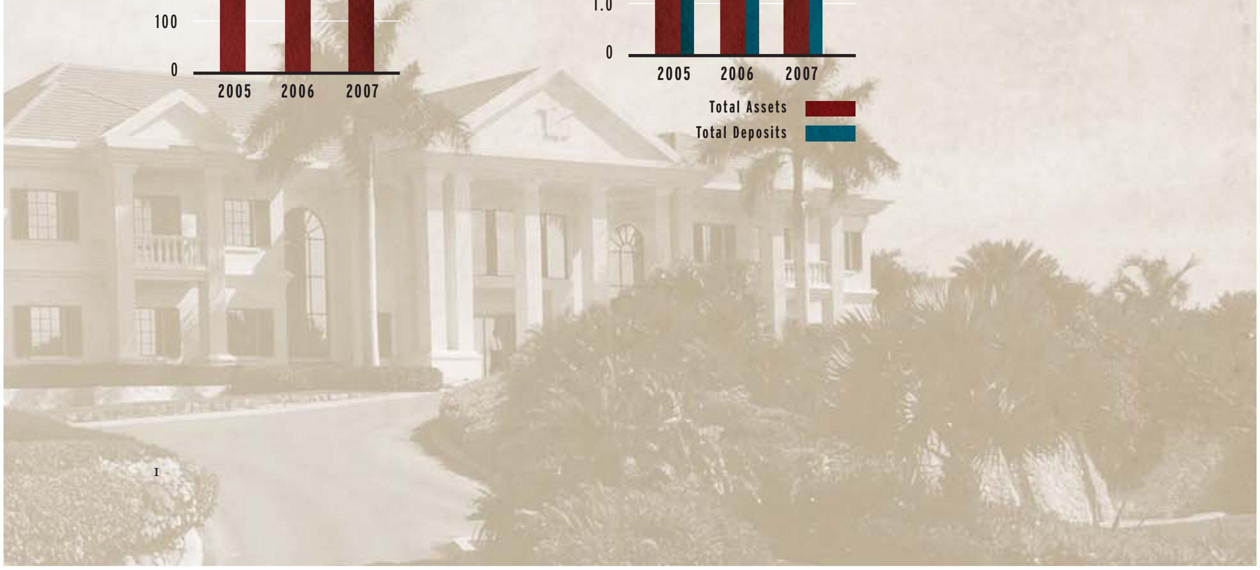


Figure 2. **ASSETS AND DEPOSITS**
Dollars (in billions)



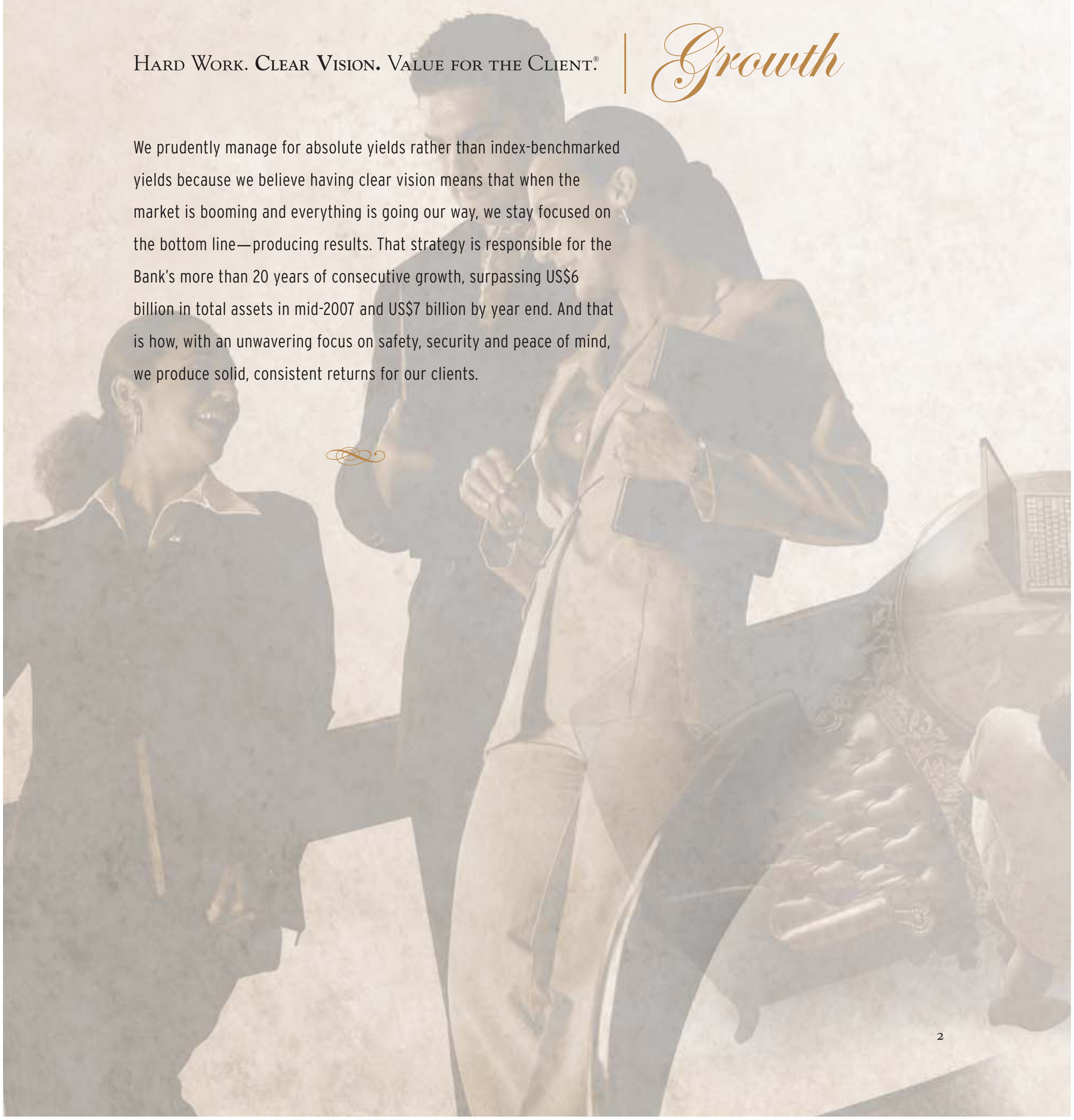


STANFORD INTERNATIONAL BANK'S INVESTMENT STRATEGY is designed to minimize systematic and unsystematic risk while maintaining liquidity, portfolio efficiency (highest yield/minimum risk), operational flexibility and absolute yields.

HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.®

Growth

We prudently manage for absolute yields rather than index-benchmarked yields because we believe having clear vision means that when the market is booming and everything is going our way, we stay focused on the bottom line—producing results. That strategy is responsible for the Bank's more than 20 years of consecutive growth, surpassing US$6 billion in total assets in mid-2007 and US$7 billion by year end. And that is how, with an unwavering focus on safety, security and peace of mind, we produce solid, consistent returns for our clients.



STANFORD INTERNATIONAL BANK goes beyond traditional banking and lending methodology and offers an enlightened, innovative approach—in essence, there is no such thing as dormant capital. We put capital to work by investing in what we believe will offer the greatest opportunities for our clients. As a privately held institution, ensuring value for our customers is our top priority. We never lose sight of what our clients expect of us; putting their interest premium return ahead of any other stakeholder.

Hard Work. Clear Vision. **Value for the Client.**® | *Security*

We believe value for clients means value for capital. Theirs and ours. That's why we zealously manage for a strong balance sheet, a strong cash flow and a strong return of equity. Further, our sole shareholder reinvests every dollar earned back into retained earnings; an act of foresight that has continuously strengthened our capital base for future growth. And that's why we are able to pay consistent returns to our clients, year after year, through market ups and market downs.

LETTER FROM THE CHAIRMAN

Overview

Dear Valued Clients and Friends,

On behalf of the Board of Directors, management and staff of Stanford International Bank, I am pleased to highlight the accomplishments and milestones achieved during the Bank's 22nd year of continuous operation.

In 2007 the Bank earned a record profit, generated more revenue than at any time in the Bank's history, and also set a new milestone at year-end by growing total assets to more than $7 billion.

The year began with robust economic forecasts for a growing global economy. Few people realized the enormous amount of leverage and securitized debt that had been utilized and underwritten by some of the world's largest and most respected banks and investment firms in the U.S. market. The over expansion of credit and shortsighted investment decisions made in preceding years created a bubble that burst in June. Since then, there has been a continuous flow of negative news related to the U.S. economy. We have all read the stories of multi-billion dollar write-offs that these banks and brokerage firms have been forced to make due to the securitized mortgage debt meltdown. We have also seen a continuing exodus in top management and thousands of employees laid off at these industry giants. The ensuing global credit crisis resulted in central banks cutting interest rates and providing massive liquidity to strained financial markets.

Rumors and fears about what might come next produced tremendous swings in the world market indices. Chaos and confusion were, at times, the rule of the day. This combined with the U.S. single family housing market being flooded with foreclosures and tens of thousands of unsold units in the high-rise condo market; record-high oil prices; the war in Iraq reaching its sixth year with a cost to the U.S. economy now measured in trillions of dollars; a growing imbalance of trade in the U.S. despite a sinking dollar; the adverse effects of global climate pattern changes; commodity prices that are completely out of sync; and unprecedented worldwide food price hikes with 89 nations deemed by the UN to be in full-blown food crisis, it is clear that the United States may be on the road to a recession.

How long will it last, how severe will it be, and how will it impact the rest of the world? No one knows for certain. However, there are bright spots. Certainly, the world's petroleum-based economies are enjoying levels of prosperity never seen before, and there are other market segments in emerging and developed economies that are performing well. But to know and understand these markets requires firsthand knowledge. You must roll up your sleeves and do the hard work necessary in order to make sound investment decisions by fully understanding the risk. There never has been, and there never will be, an easy way to make money. It requires discipline, knowledge, experience, hard work and plain common sense. When most in our industry were quick to jump on the easy path to perceived big profits in the securitized debt market, we decided not to follow. The reason Stanford International Bank did not get caught in the subprime debacle was very simple: since we could not clearly define the risk, the potential reward became irrelevant. Today, while others in our industry are fighting for their survival, we are growing our business. While others in our industry have seen a complete turnover in management and are grappling with how to develop a new business strategy, our core leadership team remains intact, and our investment philosophy of global diversification remains unchanged. While others in our industry, even the world's largest, have needed to take extreme steps to recapitalize their balance sheets, Stanford International Bank's overall liquidity and tier one capital are stronger today than at any time in our history.

Although our world is far different than the one in which my grandfather lived when the first Stanford company was founded back in 1932, and technology has dramatically changed the way we live and conduct business, the old saying that "the more things change, the more they remain the same" has never been more true. As a company founded in the midst of the Great Depression, a time of despair and negativity, we have a long-proven understanding of how even the most severe down cycles can bring opportunities that yield significant benefits in the long run. This proven, well-grounded approach, when making investment decisions and giving investment advice will benefit you, our clients, in these tumultuous times as never before.

FINANCIAL PERFORMANCE

Our strong performance in 2007 speaks for itself. Total assets grew by 32.3 percent to $7.1 billion. Deposits grew 33.5 percent to $6.7 billion and the Bank earned a record operating profit of $43.6 million. At year end, shareholder's equity was $354.9 million, up 14 percent from 2006. Investments at fair value increased $1.4 billion to $6.3 billion, 28.6 percent greater than 2006. Total revenues for the year were $789.5 million, representing an increase of 39.6 percent over 2006. Investment income for 2007 was $641.8 million, or 81.3 percent of total revenue, which was 33.9 percent greater than 2006. Interest paid to depositors for 2007 was $437.2 million, or 40.7 percent greater than the interest paid on deposits in 2006. The Bank's cash balances at year-end 2007 were $627.3 million, 94.6 percent greater than in 2006.

LOOKING FORWARD

During the first quarter of 2008 the Bank will implement Tenemos T24, a state of the art international banking system that will allow our clients access to real time account information 24 hours a day, seven days a week. The new system will enable the Bank to expand its products and services in an even more secure environment in the future.

Sir Courtney N. Blackman, PhD, a long standing member of the board, noted economist and former head of the Central Bank of Barbados, has been appointed Vice Chairman of the Board and will assume greater responsibility as Chair of the Bank's Investment and Audit Committees. As I have stated many times over the years, the Bank's Board of Directors and Advisors, most of whom have been with the Bank throughout its 22 year history, have been instrumental in our prior success and will continue to play a vital role in the Bank's future.

In addition, by the end of 2008, the Bank will be operating under Basel II regulatory mandates which are the most stringent in the world.

In closing, I want to thank all of our clients for the trust you have placed in Stanford International Bank during this past year. You can rest assured that the principles of Hard Work, Clear Vision, and Value for the Client will remain our bedrock. We look forward to continuing to serve you.

Sincerely,

R Allen Stanford

Sir Allen Stanford
Chairman

Income Statement

(Expressed in United States dollars)

YEAR ENDED 31 DECEMBER 2007

NOTE		2007	2006
	OPERATING INCOME		
5	**NET INVESTMENT INCOME**	**$ 641,775,996**	**$ 479,175,564**
	Interest Income	164,843,390	86,441,691
	Interest Expense	437,192,793	310,634,646
6	**NET INTEREST INCOME/(EXPENSE)**	**$ (272,349,403)**	**$ (224,192,955)**
	Fee Income	3,030,799	1,545,734
	Fee Expense	150,075,660	107,454,298
7	**NET FEE INCOME/(EXPENSE)**	**$ (147,044,861)**	**$ (105,908,564)**
8	Other Income/(Loss)	(20,171,473)	(1,485,877)
	TOTAL OPERATING INCOME (see Figure 3)	**$ 202,210,259**	**$ 147,588,168**
	OPERATING EXPENSES		
9	Personnel Expenses	3,512,747	2,796,766
10	General and Administrative Expenses	154,226,063	115,056,703
14	Depreciation of Property and Equipment	852,885	885,332
	TOTAL OPERATING EXPENSES	**$ 158,591,695**	**$ 118,738,801**
	OPERATING PROFIT (see Figure 4)	**$ 43,618,564**	**$ 28,849,367**

The notes on pages 12 to 31 are an integral part of these financial statements.

Figure 3. **OPERATING INCOME**
Dollars (in millions)

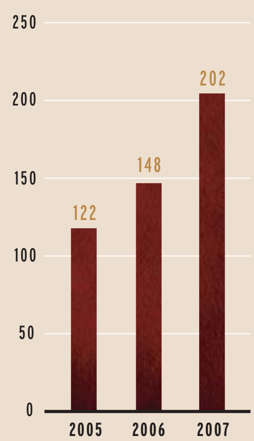
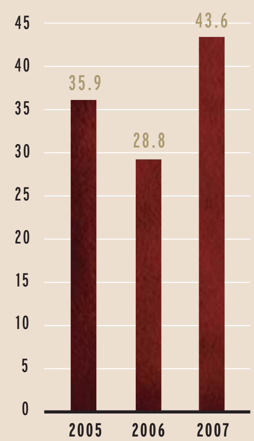


Figure 4. **OPERATING PROFIT**
Dollars (in millions)



Balance Sheet | at 31 December 2007

(Expressed in United States dollars)

NOTE		2007	2006
	ASSETS		
11	Cash and Balances with Other Banks	$ 627,822,483	$ 322,887,339
12	Financial Assets at Fair Value	6,347,631,574	4,935,651,097
13	Loans and Advances to Clients	69,732,601	64,626,474
14	Property and Equipment	6,910,778	4,554,743
15	Other Assets	5,785,277	8,597,794
	TOTAL ASSETS	**$ 7,057,882,713**	**$ 5,336,317,447**
	LIABILITIES AND SHAREHOLDER'S EQUITY		
16	Deposits from Clients (see Figure 5)	6,689,964,303	5,010,083,766
17	Other Liabilities and Provisions	12,996,649	14,930,484
	TOTAL LIABILITIES	**$ 6,702,960,952**	**$ 5,025,014,250**
18	Share Capital	10,000,000	10,000,000
18	Share Premium	103,500,000	103,500,000
19	Retained Earnings (see Figure 6)	241,421,761	197,803,197
	TOTAL SHAREHOLDER'S EQUITY (see Figure 6)	**$ 354,921,761**	**$ 311,303,197**
	TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**$ 7,057,882,713**	**$ 5,336,317,447**

The notes on pages 12 to 31 are an integral part of these financial statements.

Figure 5. **DEPOSITS FROM CLIENTS**
Dollars (in billions)

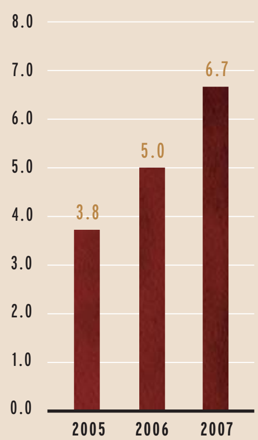
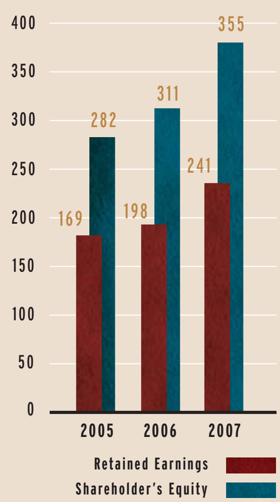


Figure 6. **EARNINGS AND EQUITY**
Dollars (in millions)



Statement of Changes in Equity

(Expressed in United States dollars)

YEAR ENDED 31 DECEMBER 2007

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL SHAREHOLDER'S EQUITY
AT 31 DECEMBER 2005	$ 10,000,000	$ 103,500,000	$ 168,953,830	$ 282,453,830
Additional Contributions	0	0	0	0
Net Income for the Year	0	0	28,849,367	28,849,367
AT 31 DECEMBER 2006	$ 10,000,000	$ 103,500,000	$ 197,803,197	$ 311,303,197
Additional Contributions	0	0	0	0
Net Income for the Year	0	0	43,618,564	43,618,564
AT 31 DECEMBER 2007	$ 10,000,000	$ 103,500,000	$ 241,421,761	$ 354,921,761

The notes on pages 12 to 31 are an integral part of these financial statements.

Statement of Cash Flows

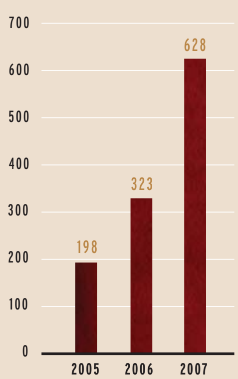
(Expressed in United States dollars)

YEAR ENDED 31 DECEMBER 2007

NOTE		2007	2006
	CASH FLOWS FROM OPERATING ACTIVITIES		
5	Investment Income	$ 641,775,996	$ 479,175,564
6	Interest Received	164,843,390	86,441,691
6	Interest Paid	(437,192,793)	(310,634,646)
7	Fees Received	3,030,799	1,545,734
8	Other Income/(Loss)	(20,171,473)	(1,485,877)
	Cash Payments to Employees and Suppliers	(307,814,470)	(225,307,767)
	CASH FLOWS FROM OPERATING PROFITS	**$ 44,471,449**	**$ 29,734,699**
	CHANGES IN OPERATING ASSETS AND LIABILITIES		
12	Net (Increase) in Financial Instruments at Fair Value	(1,411,980,477)	(1,180,885,992)
13	Net (Increase) in Loans and Advances to Clients	(5,106,127)	(26,177,626)
15	Net (Increase)/Decrease in Other Assets	2,812,516	(3,772,181)
16	Net Increase in Deposits from Clients	1,679,880,537	1,247,072,726
17	Net Increase/(Decrease) in Other Liabilities	(1,933,835)	1,281,567
	NET CASH FLOWS FROM OPERATING ACTIVITIES	**$ 308,144,063**	**$ 67,253,193**
	CASH FLOWS FROM INVESTING ACTIVITIES		
14	Purchase of Property and Equipment	(3,260,285)	(1,205,939)
	Proceeds from Sale of Property and Equipment	51,366	365,151
	NET CASH FLOWS FROM INVESTING ACTIVITIES	**$ (3,208,919)**	**$ (840,788)**
	CASH FLOWS FROM FINANCING ACTIVITIES		
18	Contribution to Share Premium Account	0	0
	Net Cash Flows from Financing Activities	$ 0	$ 0
	Net Increase in Cash and Cash Equivalents	$ 304,935,144	$ 66,412,405
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**$ 322,887,339**	**$ 256,474,934**
11	**CASH AND CASH EQUIVALENTS AT END OF YEAR**	**$ 627,822,483**	**$ 322,887,339**

The notes on pages 12 to 31 are an integral part of these financial statements.

Figure 7. **CASH AND CASH EQUIVALENTS**
Dollars (in millions)



NOTE 1 - GENERAL INFORMATION

Stanford International Bank Limited (the Bank) provides private banking services to the international market. The Bank has more than 50,000 clients from over 111 countries around the world. The Bank is registered under the International Business Corporation Act No. 28 of 1982 as amended ("the Act"). The Bank's activities are governed by the Act and by every other act currently in force concerning international business corporations and affecting the corporation in Antigua and Barbuda. The Bank is also regulated by the Financial Services Regulatory Commission (FSRC). International banks are subject to annual audits, regulatory inspections and licensing requirements by this body. The supervisory authority for money laundering and other financial crimes is the Office of National Drug and Money Laundering Control Policy (ONDCP). The FSRC and the ONDCP, although independent, work closely together.

These financial statements have been approved for issue by the Board of Directors on 18 April 2008.

NOTE 2 - ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 BASIS OF PRESENTATION

Stanford International Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss and all derivative contracts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Bank has adopted the following IFRS, which are relevant to its operations. All other standards do not currently apply to the Bank's operations.

IFRS 7	Financial Instruments: Disclosures
IAS 01	Presentation of Financial Statements
IAS 07	Cash Flow Statements
IAS 08	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 32	Financial Instruments: Disclosure and Presentation
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 39	Financial Instruments: Recognition and Measurement

All changes in the accounting policies have been made in accordance with the provisions in the respective standards.

2.2 FOREIGN CURRENCY TRANSLATION

The financial statements are presented in United States dollars, which is the Bank's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss.

2.3 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and also from valuation techniques such as discounted cash-flow models and options-pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Bank recognizes profits on day one.

The Bank uses the following derivative instruments and strategies for hedging and non-hedging purposes:

Financial futures contracts represent commitments to buy and sell underlying financial instruments in the future and are accounted for on a recognition and specific identity basis.

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on specific future dates.

Cross-currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross-currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for specific periods.

A currency option gives the buyer the right, but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Interest-rate futures are typically exchange-traded documents to buy or sell a standard amount of a specified fixed-income security or time deposit at an agreed interest rate on a standard date.

A forward rate agreement gives the buyer the ability to determine the underlying rate of interest for a specified holding period commencing on a specified future date. There is no exchange of principal, and settlement is effected on the settlement date. The settlement amount is calculated by reference to the difference between the contract rate and the market rate prevailing on the settlement date.

Interest-rate options give the buyer the right, but not the obligation, to fix the rate of interest on a future deposit or loan for a specified period and commencing on a specified future date.

Interest-rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds; instead the writer pays to the buyer the amount by which the market rate exceeds or falls short of the cap rate or the floor rate respectively. A combination of an interest-rate cap and floor is known as an interest-rate collar.

Equities options give the buyer the right, but not the obligation, to buy or sell specified amounts of equities or a basket of equities in the form of published indices.

2.4 INTEREST INCOME AND EXPENSE

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, through a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts that have been paid or received between parties to the contract.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest utilized to discount the future cash flows for the purpose of measuring the impairment loss.

2.5 FEE INCOME

Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Investment and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-apportionable basis. Asset management fees related to investment funds are recognized ratably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

2.6 INSURANCE

The insurance coverage of the Bank includes Property and Casualty, Worldwide Package, Vehicle, Workers' Compensation and Travel Accident coverage. Financial coverage includes Banker's Blanket Bond, Directors' and Officers' Liability and Errors and Omissions Liability. The Bank also maintains Depository Insolvency coverage for its correspondent banks.

The Bank's insurance program is independently reviewed. The latest review was performed by Stogniew & Associates, an independent risk management consultant. The primary objective of each review is to provide assurance that the risk management and internal controls currently implemented minimize the Bank's exposure to loss. The most recent assessment stated that the Bank had reasonable internal controls and risk management systems in place and found no material weaknesses in these areas.

2.7 FINANCIAL ASSETS

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss have two subcategories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges.

Purchases and sales of financial assets at fair value through profit or loss are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Interest calculated using the effective interest method is recognized in the income statement.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, discounted cash flow, option pricing models and other valuation techniques commonly utilized by market participants.

2.8 IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortized cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) the growing probability that the borrower will enter bankruptcy or other financial reorganization;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
a. adverse changes in the payment status of borrowers in the group; or
b. national or local economic conditions that correlate with defaults on the assets in the group.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and then individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

(Expressed in United States dollars)

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

(b) Assets carried at fair value
The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2.9 LOANS AND ADVANCES TO CLIENTS
Stanford International Bank does not expose its clients to the risks associated with commercial loans. The Bank's only form of lending is done on a cash-secured basis solely to existing clients. Loans and advances to clients are permitted up to 80 percent of deposits maintained by the client at the Bank. The deposits serve as guarantee to the loan and therefore no additional provision is needed to support a potential loan loss.

2.10 PROPERTY AND EQUIPMENT
Property and equipment includes land and buildings and is comprised mainly of offices. All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings	20 years
- Leasehold Improvements	20 years, or over the period of the lease if less than 20 years
- Computer Equipment	5 years
- Furniture and Equipment	3-8 years
- Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the income statement.

2.11 LEASES
The leases entered into by the Bank are primarily operating leases for office space and equipment. Payments made by the Bank under operating leases are charged to the income statement on a straight-line basis as defined in the lease agreements in effect for the period. If an operating lease is terminated before the lease period has expired, any payment required to be made by the Bank as a penalty is recognized as an expense in the period in which termination takes place.

Income received by the Bank is recorded as rental income in the other income section of the income statement and is not part of the normal business of the Bank.

2.12 CASH AND CASH EQUIVALENTS
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks; treasury bills and other eligible bills; loans and advances to banks; amounts due from other banks; and short-term government securities.

2.13 SHARE CAPITAL
(a) Ordinary Shares
All authorized shares have been issued, fully paid and carry a par value of $100 per share.

(b) Share Premium
Contributions made by the shareholder in excess of the par value of the issued capital.

(c) Dividends
No dividends have been authorized or distributed. All excess earnings have been reinvested into the Bank.

2.14 COMPARATIVES
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1 STRATEGY IN USING FINANCIAL INSTRUMENTS

The strategy of the Bank is to efficiently manage its assets and liabilities. In this process, assets primarily consist of securities and, to a lesser degree, client credits that are matched in premium and timing. The Bank's assets are invested in a well-balanced global portfolio of marketable financial instruments, namely U.S. and international securities and fiduciary placements.

The Bank's investment portfolio maintains a stable and well-balanced structure due to a high proportion of fixed-income investments and a diversified investment advisory network resulting in an optimum diversification process. There is a policy of maintaining sufficient liquidity, thus protecting longer-term investments with significant returns.

3.2 CREDIT RISK

The Bank takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Bank's investments, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to weekly review. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the board of directors.

The exposure to any one borrower is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

(a) Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a client as required. Guarantees and standby letters of credit – which represent irrevocable assurances that the Bank will make payments in the event that a client cannot meet its obligations to

third parties – carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Bank on behalf of a client authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are generally collateralized by compensating cash balances to which they relate and therefore carry less risk than a direct borrowing. Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit.

3.3 GEOGRAPHICAL CONCENTRATIONS OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

The Bank has a global investment strategy that ensures that rates are not directly affected by prevailing rates in any single market. The Bank's assets consist of established, quality companies, governments and agencies from around the world. The portfolio investments are leaders in particular fields, financially strong with demonstrated consistency in earnings. The Bank invests in companies, governments and agencies whose managements have proven demonstrated ability. Investments favored are those with global diversification.

Antigua and Barbuda, West Indies, is the Bank's domicile. The Bank has also maintained a representative office in Montreal, Canada, since December 2004. The Bank has more than 50,000 depositors and clients from 111 countries. The Bank's certificates of deposit and other investment accounts are primarily denominated in U.S. dollars, British pounds/sterling, euros and Canadian dollars.

3.4 MARKET RISK

Capital preservation and steady annual flow of revenues is a specific objective of the investments. This objective is met by the investment methodology that pursues a minimization of risk (both systematically and unsystematically), liquidity (marketability), investment efficiency (highest return/minimum risk), operational flexibility and absolute, as opposed to index-linked, yields on investments. Risk is monitored and managed on a day-to-day basis, and a major part of this management is to remain widely diversified on an international scale. This objective is attained through diversification in asset classes (debt, equity, cash and hard assets), economic sectors (health, financials, energy, etc.), issuers (governments, multinationals, commercial banks, etc.), currencies (U.S. dollars, Swiss francs, Japanese yen, euros and other currencies), and geographical areas (United States, Switzerland, England, France, Austria, Australia, Asia/Pacific Rim, etc.). Furthermore, the Bank's investment policy specifies selling limits at 7 percent to 8 percent on the downside for equity holdings and monitors historical statistical information for diversified investments, such as funds, for exposure to risk.

(Expressed in United States dollars)

The measurement techniques used to measure and control market risk are outlined below.

(a) Value at risk
The Bank applies a 'value at risk' methodology (VAR) to its trading portfolios, to estimate the market risk of positions held and the mathematical chance of maximum losses, based upon a number of assumptions for various changes in market conditions and asset classes. The Board sets limits on the value of risk that may be accepted for the Bank which are monitored on a daily basis by Bank Finance.

VAR is a statistically based estimate of the potential loss on the current portfolio from significant market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence. There is therefore a specified statistical probability that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 10-day periods in the past. The Bank's assessment of past movements is based on historical data for the past five years. The Bank applies these historical changes in rates, prices, indices, etc. directly to its current positions - a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The main purpose of VAR is risk management of a worse case occurrence within a certain level of confidence. As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading portfolio operations. Actual exposure against limits is reviewed daily by Bank Finance. The quality of the VAR model is continuously monitored by back-testing the VAR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the Board of Directors.

(b) Stress tests
Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Bank Finance include: risk factor stress testing, where stress movements are applied to each risk category; emerging market stress testing, where emerging market portfolios are subject to stress movements; and ad hoc stress testing, which includes applying possible stress events to specific positions or regions - for example, the stress outcome to a region following a currency peg break. The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. The stress testing is tailored to the business and typically uses scenario analysis.

	2007 VAR	2006 VAR
Risk Potential	-4.40%	-4.85%
Probability	5.00%	5.00%
Maximum Drawdown	-1.88%	-2.34%

As a bank, SIBL matches its assets and liabilities. However, most banks have portfolios that invest predominately in loans and credits and to a much lower degree in investable assets. SIBL's portfolio is primarily invested in investable assets with a minimal amount in cash backed loans. The investment philosophy focuses on global diversification utilizing various products and sectors to minimize volatility while providing consistent returns. Achieving this balance is an integral component of portfolio management. As reflected in the above table our VAR figures for 2006 the Bank's portfolio had a 5% chance of having a maximum drawdown of -4.85%. The actual maximum drawdown during that year was -2.43%. For 2007 the Bank's portfolio had a 5% chance of a maximum drawdown of 4.4%. The actual maximum drawdown for 2007 was -1.88%. Both of the declines for the portfolio fall within our set of probable outcomes within a normal distribution curve. The decline in VAR from 2006 to 2007 was a due to reduction in currency and equity market volatility. The reduction in equity volatility was primarily affected by the removal of September 11, 2001 data and its extreme volatility from the trailing 5 years of data used for the calculations.

These VAR figures were calculated independently from the underlying positions and historical market moves. The aggregate of the trading VAR results does not constitute the Bank's VAR due to correlations and consequent diversification effects between risk types and portfolio types. Also credit risk and currency risk are combined in the overall VAR analysis due to the interdependent nature of the portfolio's holdings and asset classes. This should give a clearer picture of actual risk.

3.5 CURRENCY RISK
The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency.

(Expressed in United States dollars)

CONCENTRATIONS OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

At 31 December 2007	US$	€	£	¥	OTHER	TOTAL
ASSETS						
Cash and Deposits with Other Banks	$ 504,078,060	$ 52,285,974	$ 44,519,296	$ 0	$ 26,939,153	$ 627,822,483
Financial Instruments at Fair Value	4,755,807,798	860,137,548	45,424,724	66,148,793	620,112,711	6,347,631,574
Loans and Advances to Clients	68,752,433	704,748	275,420	0	0	69,732,601
Property and Equipment	6,910,778	0	0	0	0	6,910,778
Other Assets	5,273,018	47,765	274,331	0	190,163	5,785,277
TOTAL ASSETS	**$ 5,340,822,087**	**$ 913,176,035**	**$ 90,493,771**	**$ 66,148,793**	**$ 647,242,027**	**$ 7,057,882,713**
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from Clients	6,307,979,494	265,317,720	86,550,601	404,886	29,711,602	6,689,964,303
Other Liabilities and Provisions	12,994,005	0	0	0	2,644	12,996,649
TOTAL LIABILITIES	**$ 6,320,973,499**	**$ 265,317,720**	**$ 86,550,601**	**$ 404,886**	**$ 29,714,246**	**$ 6,702,960,952**
NET ON-BALANCE SHEET POSITION	**$ (980,151,412)**	**$ 647,858,315**	**$ 3,943,170**	**$ 65,743,907**	**$ 617,527,781**	**$ 354,921,761**
Credit Commitments	$ 77,660,315	$ 0	$ 0	$ 0	$ 0	$ 77,660,315
AT 31 DECEMBER 2006						
Total Assets	2,779,672,897	730,096,421	413,038,900	439,766,513	973,742,716	5,336,317,447
Total Liabilities	4,772,911,379	172,993,563	65,434,350	0	13,674,958	5,025,014,250
NET ON-BALANCE SHEET POSITION	**$ (1,993,238,482)**	**$ 557,102,858**	**$ 347,604,550**	**$ 439,766,513**	**$ 960,067,758**	**$ 311,303,197**
Credit Commitments	$ 61,961,521	$ 0	$ 0	$ 0	$ 0	$ 61,961,521

3.6 CASH FLOW AND FAIR VALUE INTEREST RATE RISK

Cash flow and fair value interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The system of global interest rate risk monitoring rests almost solely on two points. Firstly, depositor payables in the form of fixed income products are paid a minimum interest rate that for the past two decades has ensured extremely low volatility and accounted for an incredible deposit base growth rate. Secondly, on the asset side, modern securities investment management systems are utilized and spread across multiple investment managers in several countries. The board monitors interest rates on a quarterly basis.

3.7 LIQUIDITY RISK

The Bank is exposed to daily calls on its available cash resources from maturing deposits, current accounts and other drawdowns. The Bank monitors client account maturities on the daily management report. Then, based on this information, the treasury department ensures short-term deposits are made accordingly in laddered fiduciary or overnight deposits as deemed appropriate to cover liquidity needs. The board sets limits on the minimum percentage of cash and cash-in-kind assets and liquidity to cover withdrawals at unexpected levels of demand.

Assets primarily consist of securities and, to a lesser degree, client credits that are matched in premium and timing. It is unusual for banks to be completely matched due to terms and types of products. An unmatched position potentially enhances profitability, but may increase the risk of losses.

The maturities of assets and liabilities and the ability to replace liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

(Expressed in United States dollars)

AT 31 DECEMBER 2007	UP TO 1 MONTH	1-3 MONTHS	3-6 MONTHS	6-12 MONTHS	OVER 12 MONTHS	NON-INTEREST BEARING	TOTAL
ASSETS							
Cash and Central Bank Balances	$ 627,322,483	$ 0	$ 0	$ 0	$ 0	$ 500,000	$ 627,822,483
Financial Assets at Fair Value	5,636,685,438	197,098,,866	25,289,803	80,451,575	408,105,892	0	6,347,631,574
Loans and Advances to Clients	69,732,601	0	0	0	0	0	69,732,601
Property and Equipment	0	0	0	0	0	6,910,778	6,910,778
Other Assets	0	0	0	0	0	5,785,277	5,785,277
TOTAL ASSETS	**$ 6,333,740,522**	**$ 197,098,866**	**$ 25,289,803**	**$ 80,451,575**	**$ 408,105,892**	**$ 13,196,055**	**$ 7,057,882,713**
LIABILITIES							
Deposits from Clients	480,040,692	530,340,338	716,474,596	1,107,864,300	3,855,244,377	0	6,689,964,303
Other Liabilities	0	0	0	0	0	12,996,649	12,996,649
TOTAL LIABILITIES	**$ 480,040,692**	**$ 530,340,338**	**$ 716,474,596**	**$ 1,107,864,300**	**$ 3,855,244,377**	**$ 12,996,649**	**$ 6,702,960,952**
NET LIQUIDITY GAP	**$ 5,853,699,830**	**$ (333,241,472)**	**$ (691,184,793)**	**$ (1,027,412,725)**	**$ (3,447,138,485)**	**$ 199,406**	**$ 354,921,761**
AT 31 DECEMBER 2006							
Total Assets	$ 4,459,272,893	$ 51,283,001	$ 15,366,000	$ 55,867,001	$ 740,876,015	$ 13,652,537	$ 5,336,317,447
Total Liabilities	$ 383,888,899	$ 446,715,265	$ 213,738,713	$ 1,203,585,335	$ 2,762,155,554	$ 14,930,484	$ 5,025,014,250
NET LIQUIDITY GAP	**$ 4,075,383,994**	**$ (395,432,264)**	**$ (198,372,713)**	**$ (1,147,718,334)**	**$ (2,021,279,539)**	**$ (1,277,947)**	**$ 311,303,197**

3.8 CAPITAL MANAGEMENT

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the face of balance sheets, are: (1) To comply with the capital requirements set by the regulator of the banking market where within the Bank operates; (2) To safeguard the Bank's ability to carry on as a going concern so that it can continue to provide returns for clients and the shareholder and benefits for the stakeholders; (3) To maintain a capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored routinely by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Financial Services Regulatory Commission (FSRC) for supervisory purposes. The required information is filed with the Regulatory Authority on a quarterly basis.

The Authority requires each bank to: (1) hold all the minimum level of the regulatory capital, and (2) maintain a capital ratio to assets at or above the minimum of 5%.

The Bank's regulatory capital as managed by its Finance Division is made up of Share Capital, Share Capital Premium and Retained Earnings.

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the years ended 31 December. During those two years, the Bank complied with all of the externally imposed capital requirements to which they are subject.

Tier 1 Capital	2007	2006
Ordinary Share Capital	$ 10,000,000	$ 10,000,000
Share Premium	103,500,000	103,500,000
Retained earnings	241,421,761	197,803,197
TOTAL QUALIFYING TIER 1 CAPITAL	**$ 354,921,761**	**$ 311,303,197**
TOTAL RISK-WEIGHTED ASSETS	**$ 4,350,750,278**	**$ 3,867,120,459**
Capital Ratio	8.16%	8.05%

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 FAIR VALUE OF DERIVATIVES

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

4.2 INCOME TAX

As a company formed under the International Business Corporations Act of 1982 the Bank is exempt from all direct taxes with respect to any international trading, investment or commercial activity including withholding taxes and stamp duties.

4.3 LEGAL ACTIONS

At this time, there is no significant pending legal activity. In the normal course of business, the Bank is subject to legal actions. The Bank is not able to predict whether or not there will be an adverse effect on results of operations in a particular future period.

NOTE 5 - NET INVESTMENT INCOME

	2007	2006
Equities	$ 269,717,040	$ 286,972,011
Fixed Income	126,488,427	32,357,931
Alternative	163,011,443	74,456,110
Precious Metals	82,559,086	85,389,512
TOTAL (see Figure 8 and 9)	**$ 641,775,996**	**$ 479,175,564**

Figure 8. **INVESTMENT INCOME**
Dollars (in millions)

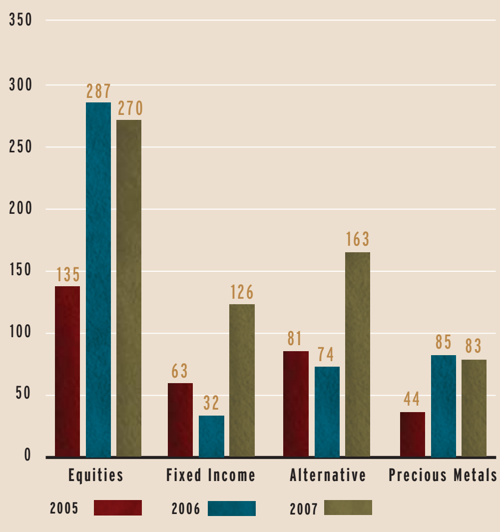
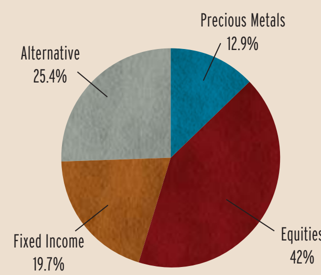


Figure 9. **INVESTMENT INCOME**



NOTE 6 - NET INTEREST INCOME/(EXPENSE)

	2007	2006
INTEREST INCOME		
Cash and Short-Term Funds	$ 18,598,765	$ 14,000,508
Investment Securities	140,186,796	67,628,600
Loans and Advances	6,057,829	4,812,583
TOTAL (see Figure 10)	**$ 164,843,390**	**$ 86,441,691**
INTEREST EXPENSE		
Banks and Clients	437,192,793	310,634,646
TOTAL (see Figure 11)	**$ 437,192,793**	**$ 310,634,646**
NET INTEREST INCOME/(EXPENSE)	**$ (272,349,403)**	**$ (224,192,955)**

Figure 10. **INTEREST INCOME**
Dollars (in millions)

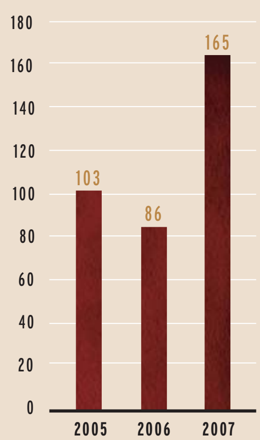
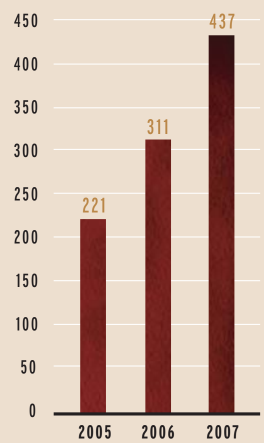


Figure 11. **INTEREST EXPENSE**
Dollars (in millions)



(Expressed in United States dollars)

NOTE 7 - NET FEE INCOME/(EXPENSE)

	2007	2006
FEE INCOME		
Loan Processing Fees	$ 132,085	$ 77,892
Early Withdrawal Fees	2,898,714	1,467,842
TOTAL	**$ 3,030,799**	**$ 1,545,734**
FEE EXPENSE		
Bank Fees	245,632	332,489
Commissions	618,890	161,414
Credit Card Losses	69,160	88,402
Waived Annual Fees	116,568	76,207
Referral Fees	149,025,410	106,795,786
TOTAL	**$ 150,075,660**	**$ 107,454,298**
NET FEE INCOME/(EXPENSE)	**$ (147,044,861)**	**$ (105,908,564)**

Referral fees are paid to Stanford Group Company, Stanford Trust Company Limited and Stanford Group (Antigua) Limited. The fees are a percentage of the managed client investments and are negotiated annually.

NOTE 8 - OTHER INCOME/(LOSS)

	2007	2006
Gain/(Loss) on Foreign Exchange	$ (20,209,739)	$ (1,756,255)
Gain/(Loss) on Disposal of Fixed Assets	(51,365)	19,148
Rental Income	33,951	37,037
Miscellaneous Income	55,680	214,193
TOTAL	**$ (20,171,473)**	**$ (1,485,877)**

NOTE 9 - PERSONNEL EXPENSES

	2007	2006
Wages and Salaries	$ 2,812,032	$ 2,268,149
Company Portion of Payroll Taxes	165,159	139,248
Employee Insurance	105,363	77,035
Employee Benefits	380,419	258,803
Personnel Recruitment, Training and Education	49,774	53,531
TOTAL	**$ 3,512,747**	**$ 2,796,766**
Average Number of Employees During the Year	75	65

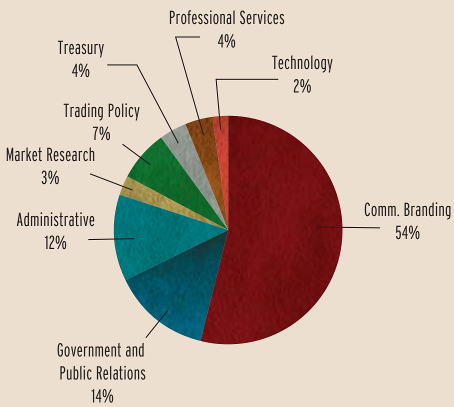
(Expressed in United States dollars)

NOTE 10 - GENERAL AND ADMINISTRATIVE EXPENSES

	2007	2006
Rent and Maintenance of Offices and Equipment	$ 540,455	$ 1,434,146
Telephone, Telex and Fax	534,965	712,353
Mail and Delivery Services	1,523,608	1,432,001
Advertising and Promotion	624,984	549,958
Travel and Accommodations	983,939	680,193
Insurance	1,513,444	1,566,638
Management Fees (see Figure 12)	142,699,711	105,882,842
Directors' Emoluments	175,550	97,500
Information Technology	323,540	259,928
Professional Fees	1,559,776	1,347,499
Audit Fees	60,650	66,000
Other General and Administrative Expenses	3,685,441	1,027,645
TOTAL	**$ 154,226,063**	**$ 115,056,703**

Management Fees consist of expenses related to the marketing and service agreement in place with Stanford Financial Group Global Management, LLC. These services include treasury-related functions, establishing and implementing trading policy, client communications, research, marketing and branding, government and public relations, technology and other related administrative costs. The service agreement is negotiated annually and was renewed for the year 2007 on 30 December 2006.

Figure 12. **MANAGEMENT FEES**



NOTE 11 - CASH AND BALANCES WITH OTHER BANKS

	2007	2006
Included in Cash and Cash Equivalents	$ 627,322,483	$ 322,387,339
Mandatory Reserve Deposits Placed with Local Entities	500,000	500,000
TOTAL	**$ 627,822,483**	**$ 322,887,339**

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations.

NOTE 12 - FINANCIAL ASSETS AT FAIR VALUE

	2007	2006
Equity	$ 3,717,219,465	$ 2,832,866,747
Fixed Income	1,182,339,462	1,146,887,233
Alternative	989,785,316	316,879,526
Precious Metals	458,287,331	639,017,591
TOTAL (see Figures 13 and 14)	**$ 6,347,631,574**	**$ 4,935,651,097**

Figure 13. **FINANCIAL ASSETS**

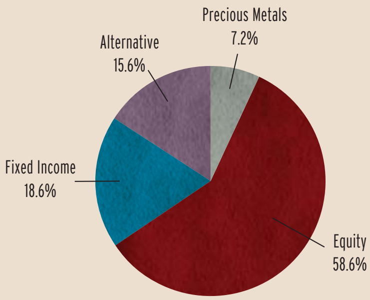
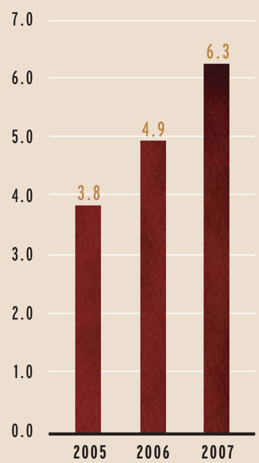


Figure 14. **TOTAL FINANCIAL ASSETS**
Dollars (in billions)



NOTE 13 - LOANS AND ADVANCES TO CLIENTS

	2007	2006
Loan Principal	$ 65,908,580	$ 60,962,752
Accrued Interest on Loans	3,824,021	3,663,722
TOTAL (see Figure 15)	**$ 69,732,601**	**$ 64,626,474**
By Client Type		
Corporate	45,252,393	39,581,519
Private	24,480,208	25,044,955
TOTAL (see Figure 16)	**$ 69,732,601**	**$ 64,626,474**
By Geographic Region		
North America	3,291,023	3,356,037
Central America	32,655,197	30,378,904
South America	13,712,054	16,689,359
Caribbean	18,751,338	12,975,600
Other	1,322,989	1,226,574
TOTAL (see Figure 17)	**$ 69,732,601**	**$ 64,626,474**
By Type of Collateral Guarantees	**$ 69,732,601**	**$ 64,626,474**

Figure 15. **LOANS AND ADVANCES**
Dollars (in millions)

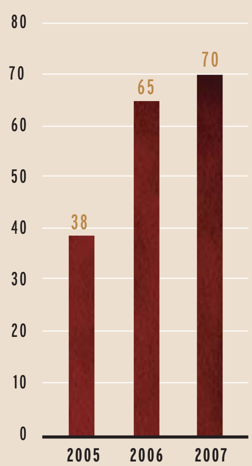


Figure 16. **CLIENT LOANS BY TYPE**

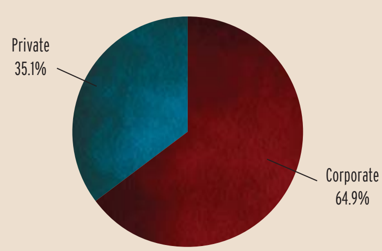
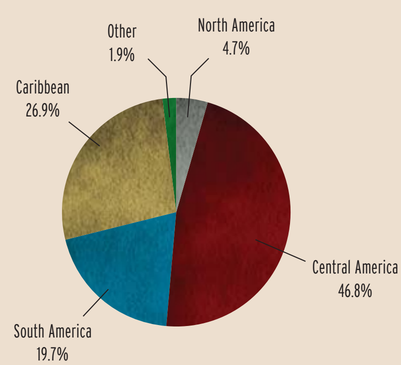


Figure 17. **CLIENT LOANS BY REGION**



NOTE 14 - PROPERTY AND EQUIPMENT

	LAND, BUILDING AND LEASEHOLD	COMPUTER AND SOFTWARE	FURNITURE AND EQUIPMENT	MOTOR VEHICLES	ARTWORK	WIP	TOTAL
HISTORICAL COST							
At 31 December 2006	$ 5,929,162	$ 2,503,712	$ 1,187,958	$ 242,734	$ 53,592	$ 683,411	$ 10,600,569
Additions	72,376	297,639	133,669	17,890	0	2,738,711	3,260,285
Disposals and Write-Offs	0	(84,194)	(238,168)	0	0	0	(322,362)
AT 31 DECEMBER 2007	**$ 6,001,538**	**$ 2,717,157**	**$ 1,083,459**	**$ 260,624**	**$ 53,592**	**$ 3,422,122**	**$ 13,538,492**
DEPRECIATION							
At 31 December 2006	$ 3,514,177	$ 2,006,764	$ 432,521	$ 88,234	$ 4,130	$ 0	$ 6,045,826
Additions	338,552	386,041	76,388	46,919	4,985	0	852,885
Disposals and Write-Offs	0	(82,699)	(188,298)	0	0	0	(270,997)
AT 31 DECEMBER 2007	**$ 3,852,729**	**$ 2,310,106**	**$ 320,611**	**$ 135,153**	**$ 9,115**	**$ 0**	**$ 6,627,714**
CARRYING AMOUNT 31 DECEMBER 2007 (see Figures 18 and 19)	**$ 2,148,809**	**$ 407,051**	**$ 762,848**	**$ 125,471**	**$ 44,477**	**$ 3,422,122**	**$ 6,910,778**
CARRYING AMOUNT 31 DECEMBER 2006 (see Figure 18)	**$ 2,414,985**	**$ 496,948**	**$ 755,437**	**$ 154,500**	**$ 49,462**	**$ 683,411**	**$ 4,554,743**

Figure 18. **PROPERTY AND EQUIPMENT**
Dollars (in millions)

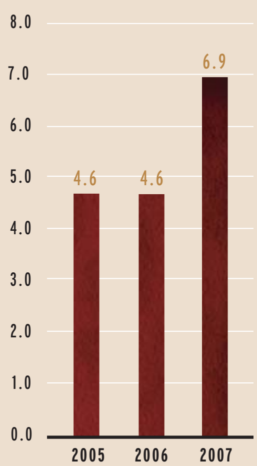
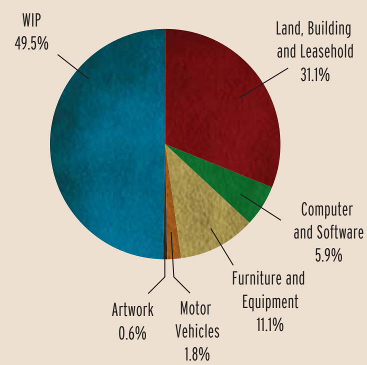


Figure 19. **PROPERTY AND EQUIPMENT**



NOTE 15 - OTHER ASSETS

	2007	2006
Accounts Receivable	$ 147,500	$ 3,003,513
Prepayments	4,207,509	4,520,900
Other Assets	1,430,268	1,073,381
TOTAL	**$ 5,785,277**	**$ 8,597,794**

NOTE 16 - DEPOSITS FROM CLIENTS

EXPRESS℠ ACCOUNTS
Funds from these accounts are generally invested in short-term instruments and euros and foreign currency deposits.

PERFORMANCE℠ ACCOUNTS
Funds from these accounts are generally invested in investment-grade bonds, securities, euros and foreign currency deposits.

CERTIFICATES OF DEPOSIT
The certificates of deposit accounts will pay the interest rate stated at inception until maturity. Funds from these accounts are generally invested in investment-grade bonds, securities, euros and foreign currency deposits.

FLEXCD℠ – A certificate of deposit that accepts additional deposits and withdrawals (up to 25 percent of the balance and a maximum of four per year) without incurring early withdrawal penalties or additional fees. This product is available in most international currencies.

FIXEDCD – A certificate of deposit that does not accept additional deposits and withdrawals are subject to early withdrawal penalties. This product is available in most international currencies.

INDEX – LINKED CERTIFICATE OF DEPOSIT℠ (ILCD) – A certificate of deposit that is linked to the performance of either the S&P 500 Index, NASDAQ 100 Index or the Dow Jones Euro STOXX 50 Index. At term end, the depositor receives the initial amount invested plus a fixed interest rate or an index participation rate, whichever is greater. This product does not renew automatically, is only available in U.S. dollars and withdrawals are subject to an early withdrawal penalty.

	2007	2006
Express Accounts	$ 159,023,555	$ 118,325,271
Performance Accounts	3,236,470	4,715,073
FlexCD	1,622,986,167	1,392,764,570
FixedCD	4,895,305,628	3,480,560,148
Index-Linked Certificate of Deposit (ILCD)	9,412,483	13,718,704
TOTAL (see Figures 20 and 21)	**$ 6,689,964,303**	**$ 5,010,083,766**

Figure 20. **CERTIFICATES OF DEPOSIT AND CLIENT DEPOSITS**
Dollars (in billions)

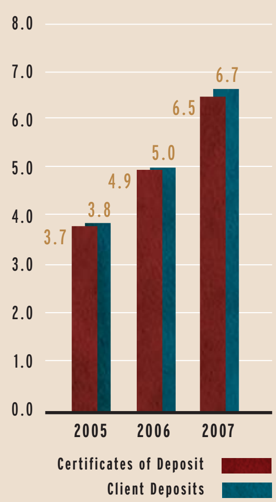
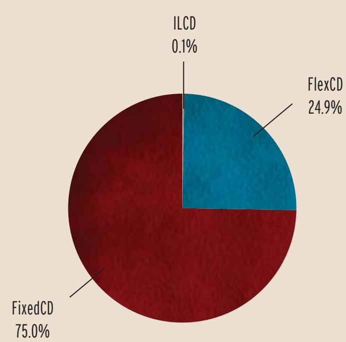


Figure 21. **CERTIFICATES OF DEPOSIT**



(Expressed in United States dollars)

ACCRUED INTEREST COMPONENT OF CLIENT DEPOSITS AT 31 DECEMBER WERE:

	2007	2006
Express Accounts	$ 53,990	$ 31,438
Performance Accounts	0	1,233
FlexCD	81,730,215	61,508,068
FixedCD	308,801,188	184,751,974
Index-Linked Certificates of Deposit	483,591	997,916
TOTAL	**$ 391,068,984**	**$ 247,290,629**
DEPOSITS PER ACCOUNT ON AN AVERAGE BASIS:		
Express Accounts	$ 121,583,329	$ 94,020,036
Performance Accounts	3,497,644	6,226,777
FlexCD	1,506,018,350	1,332,080,188
FixedCD	4,253,208,032	2,928,147,452
Index-Linked Certificates of Deposit	12,322,531	15,130,699
TOTAL	**$ 5,896,629,886**	**$ 4,375,605,152**

NOTE 17 - OTHER LIABILITIES AND PROVISIONS

Accounts Payable Trade	$ 2,644	$ 107,069
Accounts Payable to Related Parties	12,421,752	12,811,568
Other Liabilities	572,253	2,011,847
TOTAL	**$ 12,996,649**	**$ 14,930,484**

NOTE 18 - SHARE CAPITAL AND SHARE PREMIUM

	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED	ORDINARY SHARES	SHARE PREMIUM	TOTAL
AT 31 DECEMBER 2005	**100,000**	**100,000**	**$ 10,000,000**	**$ 103,500,000**	**$ 113,500,000**
Additional Contributions	0	0	0	0	0
AT 31 DECEMBER 2006	**100,000**	**100,000**	**$ 10,000,000**	**$ 103,500,000**	**$ 113,500,000**
Additional Contributions	0	0	0	0	0
AT 31 DECEMBER 2007	**100,000**	**100,000**	**$ 10,000,000**	**$ 103,500,000**	**$ 113,500,000**

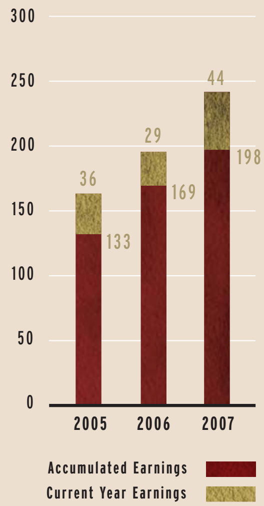
All shares have a par value of $100.00 and have been fully paid.

NOTE 19 - RETAINED EARNINGS

MOVEMENTS IN RETAINED EARNINGS WERE AS FOLLOWS:

	2007	2006
At 1 January	$ 197,803,197	$ 168,953,830
Net Profit for the Year	43,618,564	28,849,367
AT 31 DECEMBER (see Figure 22)	**$ 241,421,761**	**$ 197,803,197**

Figure 22. **RETAINED EARNINGS**
Dollars (in millions)



NOTE 20 - CONTINGENT LIABILITIES AND COMMITMENTS

	2007	2006
Guarantees and Standby Letters of Credit	$ 77,660,315	$ 61,961,521

Letters of Credit and Guarantee documents issued by the Bank on behalf of clients are fully cash secured and do not represent a direct contingent liability or risk to the bank.

(Expressed in United States dollars)

NOTE 21 - RELATED-PARTY TRANSACTIONS

Stanford International Bank is a member of the Stanford Financial Group, which is a privately held global group of wholly owned, independently managed financial services companies founded by Lodis B. Stanford in 1932. Stanford's core businesses are wealth management for high net worth individuals and investment banking for institutions and emerging growth companies. Knowledgeable private and institutional investors have availed themselves of Stanford's global expertise in asset allocation strategies, investment advisory services, equity and fixed income research, international private banking and trust administration, commercial banking, investment banking, merchant banking, institutional sales and trading, real estate investment and insurance. Stanford serves clients from over 100 countries on six continents.

A number of banking transactions are entered into with related parties in the normal course of business. These include but are not limited to loans, deposits and foreign currency transactions. The volumes of related-party transactions, outstanding balances at the year end and related expenses for the year are as follows:

	2007	2006
DEPOSITS AT 31 DECEMBER	**$ 41,683,288**	**$ 24,413,129**
EXPENSES		
Interest on Deposits	$ 1,971,553	$ 1,349,126
Rent	124,355	970,069
Referral Fees	149,025,410	106,795,786
Management Fees	142,699,711	105,882,842
TOTAL	**$ 293,821,029**	**$ 214,997,823**
Accounts Receivable Balance at 31 December	$ 147,500	$ 3,003,513
Accounts Payable Balance at 31 December	$ 12,421,752	$ 12,811,568

Referral fee agreements exist between the Bank and Stanford Group Company, Stanford Trust Company Limited and Stanford Group (Antigua) Limited. The fee is a percentage of the managed client investment portfolio of each company and is negotiated annually.

A management fee agreement related to marketing and services exists between the Bank and Stanford Financial Group Global Management Company. The services include treasury-related functions, establishing and implementing trading policy, client communications, research, marketing and branding, government and public relations, technology and other related administrative services.

All Bank personnel are compensated in the same manner and no special benefits exist for management.

	2007	2006
Directors' Remuneration	$ 175,550	$ 97,500

A listing of the members of the board of directors is shown on page 35 of the Annual Report.

NOTE 22 - INTERNATIONAL BUSINESS CORPORATION (IBC) ACT DISCLOSURE INFORMATION

Under authority of section 350 of the IBC Act, the Bank is required to disclose the following information as it pertains to the expenses that impact the national economy of Antigua and Barbuda.

	2007	2006
OPERATING EXPENSES (see Figures 23 and 24)		
Salaries	$ 2,211,932	$ 1,810,025
Other Staff Cost	1,300,816	904,298
Vehicle Expense	16,461	17,493
Rent	306,223	1,162,369
Professional Fees	289,465	218,638
Electricity and Water	232,498	219,094
Telephone/Fax	484,109	682,049
Travel and Entertainment	707,544	408,276
General Office	1,402,803	1,230,619
Insurance	212,954	87,077
Management Fees - Local	1,117,642	801,144
Repairs and Maintenance	156,170	258,895
Subscriptions and Donations	129,442	212,767
Licenses and Permits	100,639	43,135
TOTAL	**$ 8,668,698**	**$ 8,055,879**
CAPITAL EXPENSES		
Asset Purchases	$ 313,620	$ 107,524

Figure 23. **HEADQUARTERS EXPENSE**
Dollars (in millions)

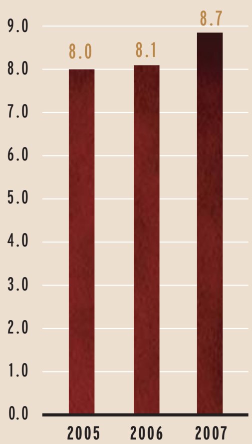
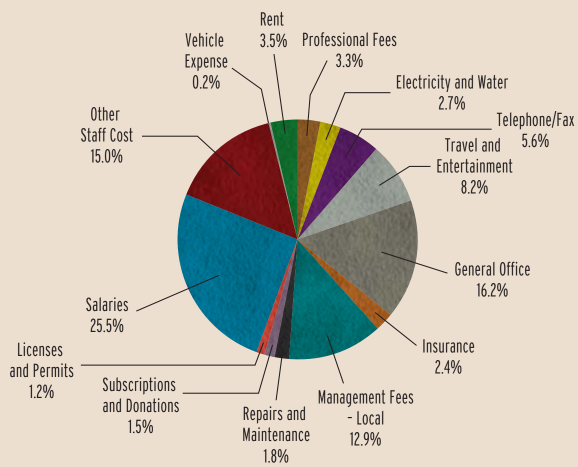


Figure 24. **HEADQUARTERS EXPENSE**



Hard Work. Clear Vision. Value for the Client.®

Reports

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We have audited the accompanying balance sheet of Stanford International Bank Limited as at 31 December 2007 and the related statements of income, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with international auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We consider that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are fair in all material respects, and they show a true position of the company as at 31 December 2007, and the results of its operations and its cash flow for the year in accordance with international financial reporting standards.

C. A. S. Hewlett & Co. Ltd.
Chartered Accountants
St. John's Street, St. John's, Antigua
18 April 2008

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The management of Stanford International Bank is responsible for the preparation, integrity and objectivity of the financial statements of the Bank. The financial statements and notes have been prepared by the Bank in accordance with International Financial Reporting Standards and, in the judgment of management, present fairly and consistently the Bank's financial position and results of operations. The financial statements and other financial information in this annual report include amounts that are based on management's best estimates and judgments and give due consideration to materiality.

The Bank maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with International Financial Reporting Standards. The internal audit function of the Bank reviews, evaluates, monitors and makes recommendations on both administrative and accounting controls, which act as an integral but independent part of the system of internal controls. The Bank's independent accountants were engaged to perform an examination of the financial statements. This examination provides an objective outside review of management's responsibility to report operating results and financial condition. Working with the Bank's internal auditors, they review and make tests, as appropriate, of the data included in the financial statements.

The board of directors discharges its responsibility for the Bank's financial statements through its Audit Committee. The Audit Committee meets periodically with the independent accountants, internal auditors and management. Both the independent accountants and the internal auditors have direct access to the Audit Committee to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.

R Allen Stanford

Sir Allen Stanford
Chairman of the Board

James M. Davis

James M. Davis
Director and CFO

Management | directors, officers and professional advisers

BOARD OF DIRECTORS

Sir Allen Stanford
Chairman of the Board

James A. Stanford
Chairman Emeritus

Sir Courtney N. Blackman, Ph.D.
Vice Chairman

James M. Davis
Chief Financial Officer

O. Y. Goswick
Investments

Kenneth C. Allen, Q.C.
Secretary and Treasurer

Robert S. Winter
Insurance

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President

Miguel Pacheco
Senior Vice President

Eugene Kipper
Vice President

Beverly M. Jacobs
Vice President

Bhanoo P. Persaud, ACCA
Accounting Manager

COMPLIANCE

Pedro E. Rodriguez, CRCM
Vice President &
Senior Compliance Officer

SIB REPRESENTATIVE OFFICE

Alain Lapointe
Senior Vice President
1800 McGill College Ave., 30th Floor
Montreal, Quebec, Canada

AUDITORS

C.A.S. Hewlett & Co.
Chartered Accountants
St. John's Street, St. John's, Antigua

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1111 North Loop West
P.O. Box 922022
Houston, Texas 77292

Willis Limited
10 Trinity Square
London 3C3P 3AX
United Kingdom

BARRISTERS AND SOLICITORS

Hunton & Williams
Barclays Financial Center
1111 Brickell Avenue
Miami, Florida 33131

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STANFORD

STANFORD INTERNATIONAL BANK

No. 11 Pavilion Drive, P.O. Box 3300 | St. John's, Antigua, West Indies
Phone: 268.480.3700 | stanfordinternationalbank.com

A MEMEBER OF THE STANFORD FINANCIAL GROUP.

KVT-6

STANFORD
INTERNATIONAL BANK, LTD.
Quarterly Update

STANFORD INTERNATIONAL BANK, LTD. • 11 Pavilion Drive • P.O. Box 3300 • St. John's Antigua, West Indies • Telephone: (268) 480-3700

October 1, 2004 – December 31, 2004

MARKET RECAP & OUTLOOK

Market Overview

In the previous two *Stanford International Bank Quarterly Update* publications we recapped the directionless movement of the markets that resulted from the indecision of investors. This indecision stemmed from the tight presidential election and unknown future Fed policy. However, during the past quarter, investors were given quick clarification in both areas. The presidential election produced a winner in rapid fashion and the Federal Open Market Committee (FOMC) has been consistent and transparent in its slow and steady approach of raising the overnight lending rate. Investors responded favorably to the more concrete data by putting their investment dollars to work in equities, as evidenced by the S&P 500's return of 8.7 percent in the fourth quarter. Although the FOMC is currently a split panel on the matter of upcoming inflationary risk, it remains consistent with its comments that the nation is not on the verge of an extended inflationary environment. Oil prices have fallen approximately $12 from highs. This decline has acted as a release valve for inflationary pressures. Going forward, the primary inflationary concern lies not with oil, but with the weak dollar. If the dollar slide continues on a moderate pace, it should not be any cause for alarm, but if it picks up momentum and becomes out-of-control, inflation will arise and the economy will be adversely affected.

Energy

Energy stocks moved only slightly higher in the fourth quarter of 2004. After experiencing more than 24 percent appreciation in the first nine months of the year, the AMEX Oil Index (XOI) appreciated 3.16 percent during the last three months of 2004. This appreciation occurred as oil futures slid more than 9 percent during the quarter. Even though we remain optimistic on this sector for the long term, as spring approaches and inventories begin to build in the United States, lower energy prices could cause additional near-term volatility for certain stocks in this sector.

Financials

The financial sector made up for its lackluster performance in the third quarter by posting extraordinary gains in the fourth quarter of 2004. The AMEX Financial Select Sector Index (IXM) experienced a fourth-quarter gain of 7.2 percent. The gain can be attributed to a dramatic increase in initial public offerings (IPO) and merger and acquisition (M&A) activity. Both IPOs and M&A activity had the biggest year since 2000. Additionally, increased volume came back to the broad markets in Q4 2004, which gave brokerage firms added profits in the form of larger trading commissions.

Technology

The technology sector thrived in the fourth quarter of 2004. As our largest allocation, we benefited greatly from good valuations and improved earnings streams. Advancements in capital expenditures, as well as the product replacement cycle, should provide buoyancy to technology revenues and margins. Some temporary inventory problems have been overcome, and the sector appears poised to have a great 2005. We do expect a slight correction in the overall tech indexes at the beginning of the first quarter, but we will use the dip as a buying opportunity for selective issues.

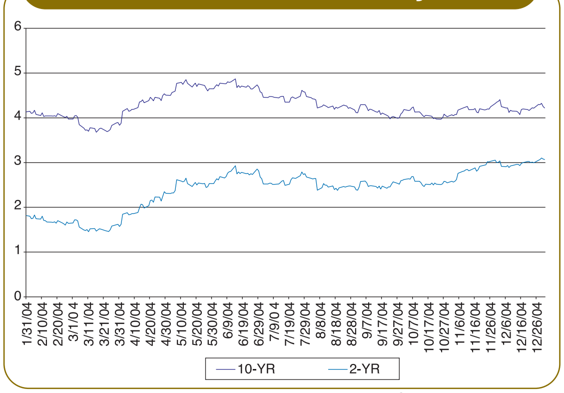
Bonds

The FOMC has made it clear that it is on a measured pace of raising short-term rates, and we believe monetary tightening will continue well into 2005. However, longer-term rates have not moved higher at nearly the speed of shorter-term rates, and we expect this convergence to continue in the near term. An ensuing gradual move higher in rates across the maturity spectrum should follow, although a historically high monetary supply will remain until rates reach a more equilibrium level.

At the beginning of a new year, we would like to provide some insight into our forecasts, although our projections and investment strategies will remain dynamic and adaptive to ever-changing circumstances. Pertaining to the U.S. economy, we continue to have a positive outlook on growth, even though we believe some headwinds exist. A factor contributing to possible economic slowing is lofty commodity prices such as oil, gold, and steel. While we believe the pressures from these commodities will moderate in the coming months, they will antagonize economic fortitude if they remain near historically high levels. Additionally, twin deficits from the trade gap and Federal budget are longer-term concerns. We believe the weak dollar will help ease pressures from the trade gap, and President Bush plans to cut the budget deficit in half by the end of his term. Although these barriers present real obstacles to the economy, the inertia of the current expansion should prevail.

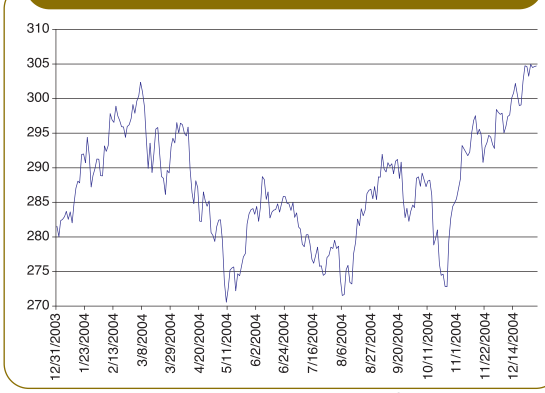
Continued elevated spending from consumers and increased business capital expenditures should provide the catalysts for robust expansion. Our forecast for real gross domestic product (GDP) growth in the United States is approximately 3.5 percent for 2005. This growth is slightly lower than the 2004 growth, but it remains healthy by historical standards. We anticipate inflation will remain in check in the near term, although acceleration in the dollar's decline is the primary fear. We believe the dollar will rebound incrementally in the first quarter of 2005, however, we do not anticipate a major bounce. We anticipate the correlation between gold and the greenback to remain, but at a lesser magnitude. A flight to quality premium in the gold and bond markets began in September 2001, and we believe this fear gap will begin to converge. However, the new global paradigm of terrorist threats will preserve a large portion of the premium indefinitely.

10-Year vs. 2-Year Treasury Yields



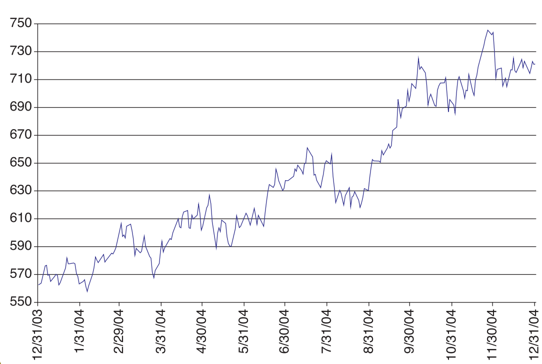
Source: Bloomberg

AMEX Financial Select Sector Index (IXM)



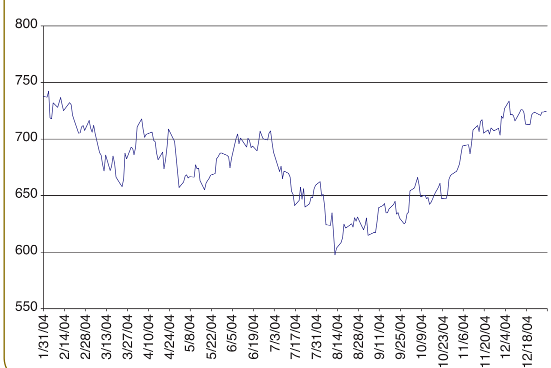
Source: Bloomberg

AMEX Oil Index (XOI)



Source: Bloomberg

AMEX Computer Technology Index (XCI)



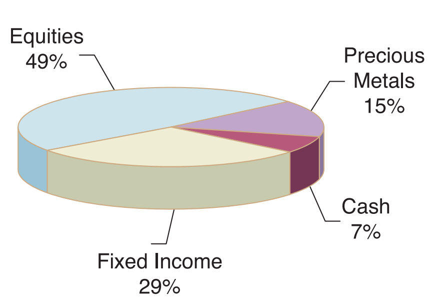
Source: Bloomberg

STANFORD INTERNATIONAL BANK, LTD.

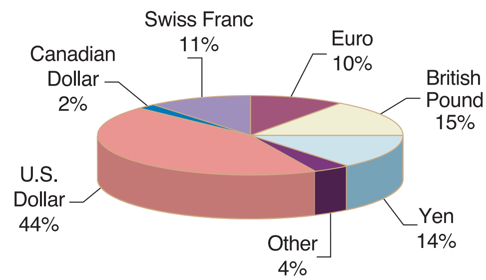
PORTFOLIO ADJUSTMENTS

With regards to our portfolio investment adjustments, we continuously scrutinize potential opportunities and out-of-the-box strategies. For example, the movement in the slope of the yield curve represents one particular area for investment strategy we have utilized during the past several quarters. We anticipated a declining first derivative of the yield curve and have taken advantage as this move occurred. In fact, the spread between the 2-year Treasury note and the 10-year bond converged in excess of 10 percent in the fourth quarter alone. We anticipate, as overall U.S. interest rates move incrementally higher, the curve will continue to flatten, but at a decelerated pace. This yield curve opportunity represents one active management technique applicable to the current low-interest rate environment. We will continue to keep bond durations low and increase cash flow through fixed income arbitrage strategies. Additionally, we remain overweight equities relative to fixed income. The global economic conditions favor growth and prosperity. There are no major economies currently in recession, which is a first in decades. Additionally, emerging market stock valuations are currently 40 percent lower than U.S. valuations. Allocations for equity sectors will remain relatively in-line with last quarter's allocations. Our favorite sectors continue to be technology, energy, and cyclicals. Short-term corrections in the markets are expected, but the dip should provide great opportunity for investment in selective companies. Pertaining to other allocations, we have held a relatively large metals allocation for several quarters, and it has benefited greatly from the surge in gold prices. Our currency and metals allocations will continue to be adaptive to changing market situations.

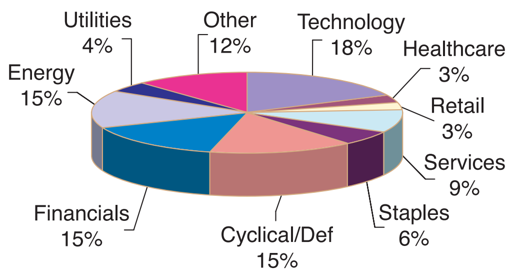
Product Allocations



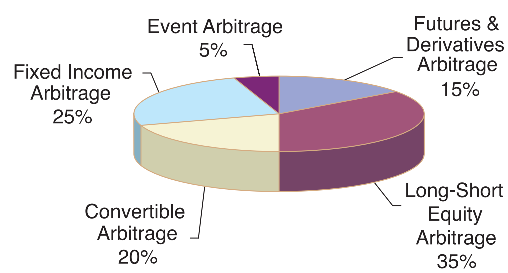
Currency Allocations



Allocations by Sector



Alternative Investment Strategies



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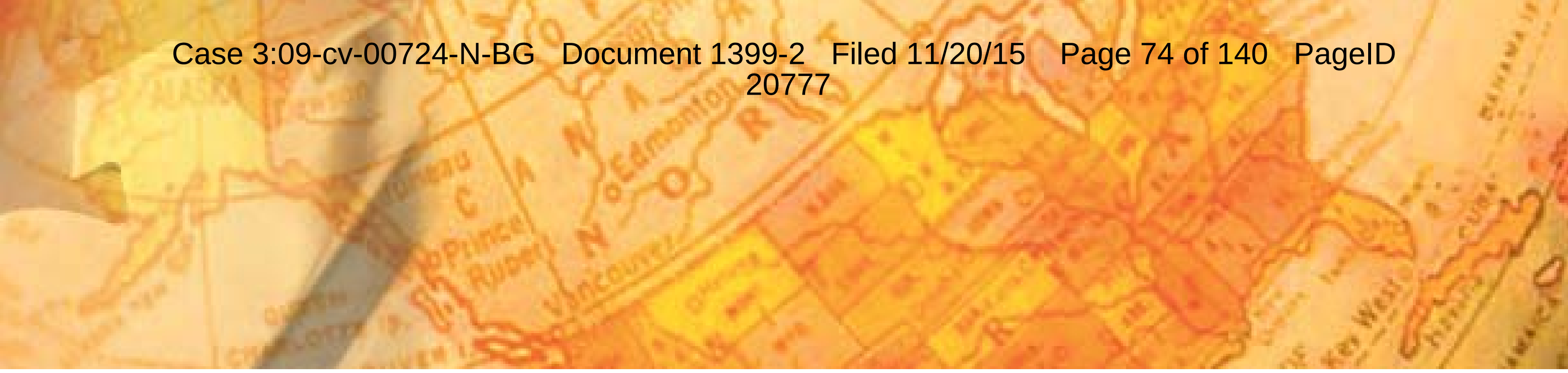


Financial & Economic Highlights

Treasury Bond Yields (12/30/04)

3yr.	3.240%
5yr.	3.632%
10 yr.	4.253%

Interest Rates (12/30/04)

3M LIBOR Fixed	2.56000%
6M LIBOR Fixed	2.79000%
1yr. LIBOR Fixed	3.12000%
Prime:	5.25%

SIB Flex CD Rates

3M	3.650%
6M	4.400%
1yr.	5.400%
3yr.	6.450%

Index Returns
(Percent Change YTD as of 12/30/04)

Dow Jones Industrial Average	3.313%
Dow Jones Stoxx 50 (Europe)	4.3%
MSCI Euro Debt Index*	16.14%
NASDAQ 100 Stock Index	10.62%
S&P 500	9.14%
Standard & Poor's Hedge Fund Index**	3.79%

SIBL Data (12/31/04)

Total Assets	$3,086,421,461
Total Net Worth	$246,542,597
Year-to-Date Earnings	$36,213,977
Investment Portfolio	$3,045,771,142

* MSCI Euro Debt Index tracks the performance of all debt issues throughout Europe.

** The Standard & Poor's Hedge Fund Index gives a broad representation of the most popular hedge fund strategies, which include Equity Market Neutral, Fixed Income Arbitrage, Convertible Arbitrage, Merger Arbitrage, Distressed, Special Situations, Long/Short Equity, Managed Futures and Macro Strategies.

DISCLAIMER FOR RESEARCH

The views expressed herein represent the individual author's personal opinions and are not and should not be construed as the opinions of Stanford International Bank, Limited, its agents, officers, directors or shareholders or any one of its affiliated companies. The authors have relied on sources, which are generally reliable; however, no representations or assurances can be made as to their validity.

Any opinion stated herein does not necessarily reflect the opinions and investment strategy of Stanford International Bank, Limited. There is no guarantee that any positions, investments or strategies set forth herein will remain the same after the date of this publication. In addition, past performance is not a guarantee of future results.

KVT-7

STANFORD INTERNATIONAL BANK, LTD.

Quarterly Update

STANFORD INTERNATIONAL BANK, LTD. • 11 Pavilion Drive • P.O. Box 3300 • St. John's Antigua, West Indies • Telephone: (268) 480-3700

October 1, 2005 – December 31, 2005

MARKET RECAP & OUTLOOK

Market Overview

The fourth quarter of 2005 was a good one for the U.S. equity markets; however, a 4.8% slide in the first nine days and a 1.9% slide in the last four days took the overall gain for the S&P 500 (SPX) down to 1.6% for the quarter. As of the end of the quarter, the markets were nearing the end of a month-long consolidation and poised for another move higher. However, as the markets sprang forward in the first week of the new year, the psychology indicators pointed to a potential pullback for the near term. As for the longer term, we anticipate a good year in 2006. Proprietary indicators of psychology, valuation parameters, and technical potential point to a solid, potentially double-digit year in the SPX. The last two years have demonstrated the tightest range for the SPX since 1994, and a rapidly expanding trading range should occur throughout the coming years, thus increasing returns and volatility. Strong leadership from technology, financials, and healthcare in 2006 should pave the way for extended gains while growth stocks should outperform value. However, if short-term rates continue to move higher than anticipated, the spread between earnings yield and equity risk premiums will become less favorable, shifting the environment more toward value. As of now, the anticipation is for two more rate hikes out of the Fed, taking the overnight lending rate to 4.75%.

Energy

Energy issues, as a whole, performed well in 2005. By year-end, the AMEX Oil Index (XOI) appreciated approximately 36.85%. Supply and demand concerns helped boost energy prices during the year, which in turn positively impacted stock prices of companies in this sector. Earnings of companies in this arena have improved as profit margins have increased due to the higher commodity prices. Overall, we remain optimistic on this sector moving forward. While prices may remain volatile, we believe demand should remain strong throughout the coming months. Since we do not see production levels increasing significantly, high prices are likely to remain in this sector as they remain above the historical norm.

Financials

The financial sector was once again a very strong performer in the fourth quarter as it gained approximately 7.5%. This surge in the fourth quarter took the Financial Select Sector Index (IXM) from negative territory to positive territory for the year as the index gained 3.72% in simple price appreciation in 2005. Companies that deal in investment banking continued to lead the way as merger and acquisition activity was extremely strong. From a technical basis, the IXM has been in a sideways pattern since late November. Consolidating after a sizeable move higher is healthy as it allows the overbought/oversold oscillators a chance to move back toward neutral/oversold territory.

Technology

Technology stocks began to break out in the fourth quarter of 2005 and should continue to be a leading sector throughout 2006. Some overbought pressure at the beginning of the year may put some short-term pressure on the shares, but the extreme earnings growth experienced during the last several quarters should catch up with prices as valuations have become extremely favorable. The massive amounts of cash stockpiled in corporate balance sheets from all sectors should provide a catalyst to technology revenues in the coming quarters. A potential surge in corporate expenditures and capital equipment purchases should be a direct benefit to the top-line growth in technology issues. The large-cap growth companies within this sector are best positioned to take advantage of this potential trend, but even small companies will stand to benefit from ramped-up spending at the corporate level.

Treasuries

The Federal Reserve has now raised interest rates 14 times by 25 basis points each in efforts to keep economic growth and consumer prices in balance. The Fed entered 2006 with a Fed funds rate of 4.25% and expectations of two more quarter-point rate increases during the first quarter of 2006 relatively high among traders. Upon the Fed dropping language that described its monetary policy as "accommodative," many took this as a signal that the Fed was reaching the top of its tightening cycle, a plus for fixed income securities. U.S. Treasury prices received a boost from speculation that the threat of unhealthy inflation was nowhere to be found, pushing the benchmark 10-year note's yield down to 4.33% in December. After a brief rally early in 2006, the widely followed yield

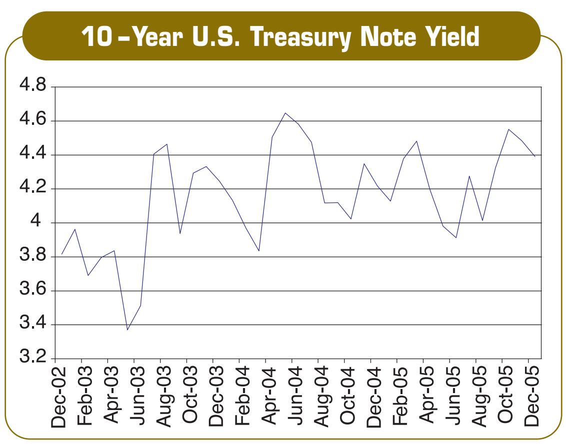
tested the near-term support level of 4.3[illegible]% once again before rebounding relatively strongly mid-January. As of late January, core inflation appears to be in check despite the higher overall prices consumers have experienced as a result of high energy prices. Additionally, trading on the long end of the U.S. Treasury market is revealing investors' confidence that the incoming Federal Reserve Chairman Ben Bernanke will follow in the steps of his inflation-hawk predecessor, Alan Greenspan. Yields on the long bond due to mature in 2031 finished 2006 at 4.53%. This provided only a meager yield spread of 13 basis points over its 2-year counterpart. Intermediate-dated notes have been yielding less than both 2-year notes and 10- to 30-year notes, creating a dip in the overall yield curve. Despite the fact yield spreads still trail historical norms when comparing the 10-year yield to GDP and core-inflation and despite the fact foreign demand for U.S. Treasuries has declined within recent weeks, yields remain very low. Yields seemed stuck in a narrow range until investors began to see a large amount of supply hit the market early in 2006 in the backdrop of another interest rate hike on January 31.

This rebound in yields that began mid-January 2006 was further prompted by a tightening labor force and signs the economy would rebound from the slower GDP growth during the fourth quarter of 2005. There is considerable fundamental support for lower Treasury prices and higher yields based on the performance of the U.S. economy at this time; however, strong intermediate-term, technical resistance levels are in place to help offer some support for prices and to slow the advance in yields during 2006. Further, should the Fed in fact stop raising rates, this should be a big plus for this market as investors begin to lock in interest rates on speculation yields could move lower later in the year. Where the market will end 2006 is anybody's guess, but we suspect the yield on the 30-year note being reintroduced during February 2006 after four years will range between 5 and 5.5% so long as the economy stays on track. The 10-year note will probably remain under 5%, helping to extend low interest rate mortgages during the year. In all, coupon clipping will probably still be the largest lure for this arena during the upcoming year since chances of capital appreciation remain somewhat illusive.

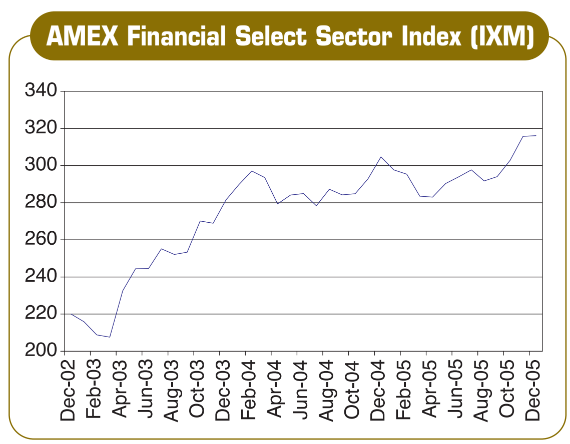
Market Outlook

The fourth quarter shaped up much like the third quarter for the global economy, with it continuing to forge ahead in the face of continued lofty energy prices. As for the United States, real GDP growth slowed in the fourth quarter, primarily led by some moderate slowdown in consumer spending. A slight moderation in energy prices at the end of the quarter should lead to some modest declines in consumer goods prices for December, and we believe some surprising strength in other areas of the economy should lead to a much better-than-expected first quarter for the U.S. economy.

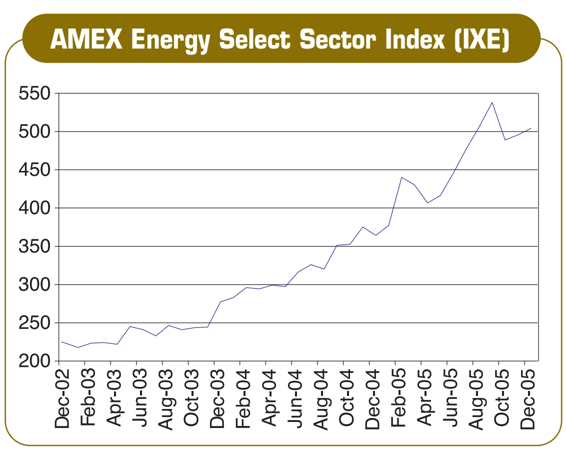
One of the most astounding economic statistics during the past two years has been the extremely low volatility in real GDP growth. Due to the transparency of monetary policy out of the Fed, along with tame inflation and slightly above-trend growth, the economy has been locked in an equilibrium state of expansion. However, this should not continue into 2006, and perhaps may not even show up in the number for the fourth quarter of 2005 as the range of estimates has begun to widen. The past eight quarters have seen a mere 1 percentage point difference between the best



Source: Bloomberg



Source: Bloomberg



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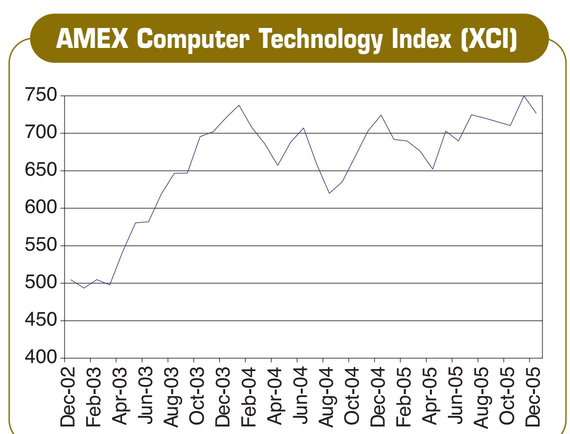


Source: Bloomberg

and worst quarters for real GDP growth. This spread is typically between 5 and 10 percentage points during the last decade and has been as high as the low-20s in recent decades. Because the spread has descended to its tightest eight-quarter range in the post-war era, it is only logical that volatility will re-enter the data. The spread should move more toward 3 to 5 percentage points in the near term and could be driven by a weaker fourth quarter and stronger-than-anticipated first quarter.

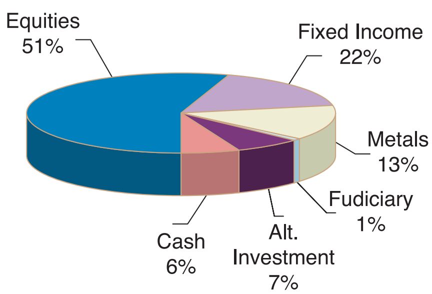
Globally, the world markets continue to thrive on positive demand for commodities and increasing liquidity. Spreads between emerging market yields versus U.S. Treasury debt have narrowed to multi-year, and in some cases multi-decade, lows. This shows the quality of global debt has dramatically improved and worldwide economic conditions are stable and robust. Furthermore, equity markets should perform well globally on the heels of a great year in 2005. The FTSE 100 Index (UKX) advanced in excess of 20% for 2005 while the German DAX (DAX) gained nearly 30%. Some emerging market indexes performed even better as the South Korean KOSPI (KOSPI) advanced 54% and the Russian RTS Index (RTSI$) advanced in excess of 64% (with dividends reinvested).

Portfolio Adjustments

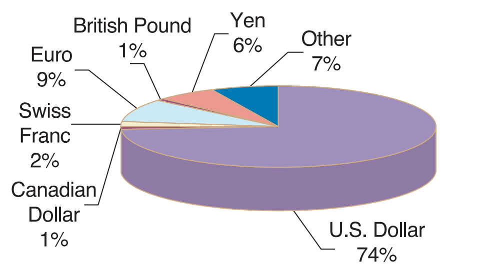
The portfolio adjustments in the fourth quarter were made with tactical and strategic goals that continue to separate Stanford International Bank apart from other global financial institutions. As the equity markets declined in early October, which is typical of October, we took advantage of the cyclical trends to make strategic sector adjustments. The bounce from the low in October through the end of the year has placed our equity allocation in a advantageous position. We took the opportunity to move our technology allocation from 9% to 22%, which led the market advance in November. Additionally, we increased our allocation to financial stocks as corporate balance sheets are showing more cash for increased mergers and acquisitions. Our analysis further showed that energy stocks had been slightly overdone. As a result, we cut back our energy allocation, but we anticipate getting back into energy on pullbacks. The change to the sectors reflects regional decisions as well as market leadership. This goes hand-in-hand with our currency modifications. In our regional modifications, we continued to increase our allocation to the U.S. dollar, and the move proved to be successful. In coming quarters, we will continue to watch the global economies and continue to make strategic currency allocations to take advantage of macro-market trends.

Our product allocation chart has slightly changed in its format. In past issues of the *Stanford International Bank Quarterly*, we have presented alternative investments merged into the product allocation that most closely fit the strategy of the individual managers. The "Alternative Investment Strategies" pie has shown these strategies, and it continues to do so. However, we now have begun to break the alternative investments out of the "Product Allocations" pie chart as its own allocation. As a result, the move for equities from 55% to 51% does not represent an actual lowering of equity allocation, but it merely reflects the updated format. The product allocations remained exactly the same as third quarter's allocations with only one minor change. The allocation to cash went down by 1 percentage point, while metals went up by one percentage point.

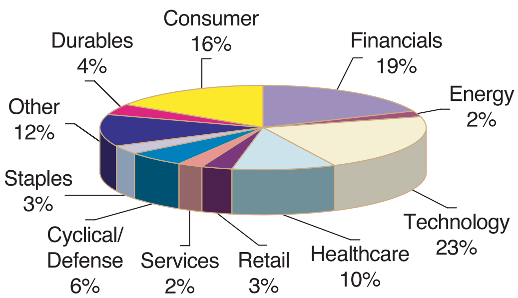
Product Allocations



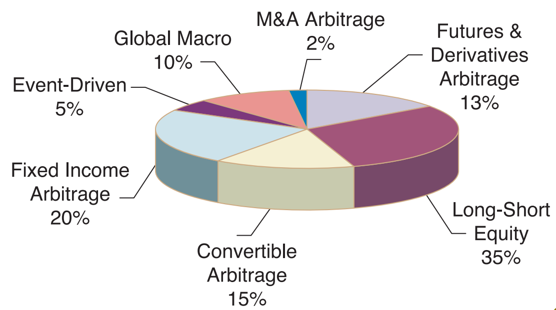
Currency Allocations



Sector Allocations



Alternative Investment Strategies



S T A N F O R D I N T E R N A T I O N A L B A N K, L T D.

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FINANCIAL & ECONOMIC HIGHLIGHTS

Treasury Bond Yields (1/3/06)

3yr.	4.356%
5yr.	4.350%
10 yr.	4.391%

Interest Rates (1/3/06)

3M LIBOR Fixed	4.54438%
6M LIBOR Fixed	4.71000%
1yr. LIBOR Fixed	4.85000%
Prime:	7.25%

SIB Flex CD Rates
(Based Upon $100,000 Deposits)

3M	4.150%
6M	4.900%
1yr.	5.900%
3yr.	6.950%

Index Returns
(Percent Change YTD as of 12/30/05)

Dow Jones Industrial Average	-0.6075%
Dow Jones Stoxx 50 (Europe)	20.6983%
MSCI Euro Debt Index*	-9.0467%
NASDAQ 100 Stock Index	1.4854%
S&P 500	3.001%
Standard & Poor's Hedge Fund Index**	2.3614%

SIBL Data (12/31/05)

Total Assets	$4,059,113,787
Total Net Worth	$282,453,830
Year-to-date Earnings	$35,911,234
Investment Portfolio	$4,011,240,039

* MSCI Euro Debt Index tracks the performance of all debt issues throughout Europe.

** The Standard & Poor's Hedge Fund Index gives a broad representation of the most popular hedge fund strategies, which include Equity Market Neutral, Fixed Income Arbitrage, Convertible Arbitrage, Merger Arbitrage, Distressed, Special Situations, Long/Short Equity, Managed Futures and Macro Strategies.

1/3/06 Data Was Calculated Prior To U.S. Market Open

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Any opinion stated herein does not necessarily reflect the opinions and investment strategy of Stanford International Bank, Limited. There is no guarantee that any positions, investments or strategies set forth herein will remain the same after the date of this publication. In addition, past performance is not a guarantee of future results.

KVT-8

STANFORD
INTERNATIONAL BANK, LTD.

Quarterly Update

STANFORD INTERNATIONAL BANK, LTD. • 11 Pavilion Drive • P.O. Box 3300 • St. John's Antigua, West Indies • Telephone: (268) 480-3700

October 1, 2006 – December 31, 2006

MARKET RECAP & OUTLOOK

Market Overview

The last quarter of the year was an exceptionally strong one for the global equity markets, capping off an impressive year of solid gains. This strength showed up across the board in the final three months as the S&P 500 (SPX) advanced 6.7%, the FTSE 100 (UKX) advanced 5.0%, the STOXX 600 (SXXP) advanced 7.4%, and the Nikkei 225 (NKY) advanced 6.9%. Emerging markets performed even better than the established markets. The BONY Latin America ADR Index (BKLAT) as well as the S&P/Citigroup BMI Asia Pacific Emerging Total Return Index (STBMAEU) advanced in excess of 21% for the fourth quarter alone. These strong equity performances demonstrated the health of the overall global picture during the last several months. We have been forecasting global equity strength, and the fourth quarter was stronger than we anticipated. The gains were broad by sector as well. Within the United States, not a single economic sector declined for the quarter. Materials had the strongest quarter with a 10.74% gain while the healthcare sector performed the worst, advancing 1%. Investors have been benefiting tremendously by investing in a global portfolio that is diversified in both products and sectors, and 2007 is setting up to provide similar opportunities.

Energy

Crude oil prices started the fourth quarter of 2006 below $60 per barrel after drastic and steady price drops began in August. For the first time since 2003, oil closed the year at a lower price level than it began. Crude oil closed at $61.05 per barrel on December 29, 2006, more than 3% lower than the $63.14 per barrel of January 3. Although the commodity experienced volatility, energy stocks managed to generate relatively solid returns in the fourth quarter of the year. According to the American Stock Exchange Energy Select Sector Index (IXE), major U.S. energy stocks gained more than 10.26% during the final quarter of the year, outperforming the S&P 500 Index's (SPX) 6.7%. Looking back to 2006, although both crude oil and natural gas markets were more volatile than previous years, energy stocks were still among the best performers, generating more than 18.50% for the year, beating the SPX's 15.80%. We expect volatility to continue to be the main theme for the energy market in 2007.

Financials

For the fourth quarter of 2006, financials, as represented by the financial select sector index (IXM), slightly outperformed the S&P 500 (SPX). The IXM posted a quarter-end return of 7.07%, compared to a return of 6.70% for the SPX. However, financials were not at the top of the list for sectors within the SPX. In fact, the financial sector ranked sixth among the 10 SPX sectors behind materials, energy, consumer discretionary, utilities, and telecom. Within the financial sector, the investment banking industry performed extremely well, but both the broker dealer index and the banking index underperformed the broad market. Investment banks, as represented by the Standard and Poor's 500 Investment Banking and Brokerage Index (S5INBK), posted a fourth-quarter return of 13.43%. The PHLX/KBW Bank Index (BKX) increased 4.65% on a total return basis, and the Amex Broker/Dealer Index (XBD) increased 5.94%. Merger and acquisition activity remained very strong in the fourth quarter, which caused investment banks to prosper. Several large financial institutions benefited from credit card revenue as more people continued to use plastic to finance their day-to-day activities. The savings as a percent of disposable personal income was approximately -1%, as reported by the Bureau of Economic Analysis for the fourth quarter. This indicates that the average American is spending more money than he brings home, and therefore, he must utilize credit cards to maintain his standard of living. The negative savings rate could spell trouble in the long term, but for now, credit card companies are thriving from the high level of usage.

Technology

2006 was another relatively volatile year for technology stocks, and as measured by the AMEX Computer Technology Index (XCI), the sector finished the year up 9.66% on a price appreciation basis and just under 10.5% on a total return basis (with dividends reinvested). In addition to the index having a very strong year, some of the fundamentals continued 2005's trend of steady improvement. For example, the P/E ratio of the XCI began 2005 at 27, and due to a 17.87% growth in earnings the P/E finished the year at 23. The P/E trended lower through mid-year and then rallied with the market, but at a decelerated pace. The valuation of the index ended 2006 at 24, just 4% higher compared with the price appreciation of 9.66%. The same patterns emerged in price-to-cash flow and other valuation ratios. Additionally, 2006 continued 2005's trend of cash rich balance sheets and extremely positive profitability. The sector, as a whole, should greatly benefit from ramped-up corporate expenditures in the coming year. The continued vast amounts of cash not only on technology companies' balance sheets, but also on the balance sheets of the majority of U.S. corporations, should spur a massive up-tick in consumption at the business level; however, this has been the case for the last several years, and it could be several quarters before businesses ramp up their cap-ex to the level anticipated. This influx of capital would serve as a large catalyst for revenues within the technology sector. This catalyst from increased corporate capital expenditures would come from two sources. Primarily, increased cap-ex tends to be spent most heavily on upgrading existing technology. Companies in the software, hardware, and semiconductor space should see a great benefit from this trend.

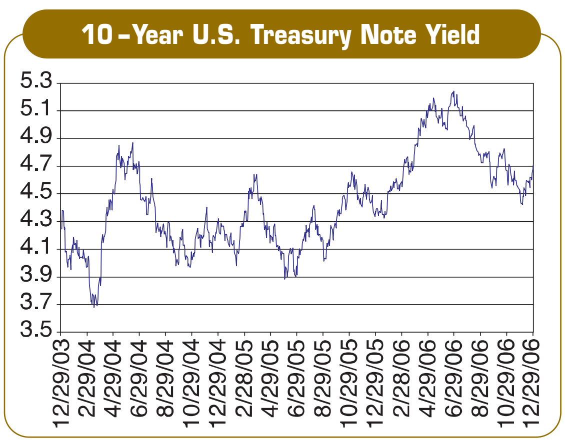
Secondarily, the cash-rich companies will continue to create new jobs, and they will begin to purchase equipment for new employees.

Treasuries

With the Fed funds rate still holding at 5.25% headed into 2007 and inflation appearing to moderate some as predicted by the Fed, it may have appeared a "soft patch" in the economy would have prompted the Fed to consider easing monetary policy. However, a strong showing by consumers spurred by falling fuel prices during the last quarter of 2006, as well as a potential bottom forming in the housing sector, kept U.S. economic growth in good form. Back in November, interest rate futures trading had priced in a good chance of a cut in interest rates by the end of the first quarter. This quickly changed, and by year-end interest rate futures had reversed, showing little change of any such move by the Fed. Traders pushed out the likelihood of a rate cut to the second half of 2007, despite slowing consumer price appreciation in November and December. Regardless of the slight pullback in inflationary measures, core figures still register above the 2% mark identified by Federal Reserve Chairman Bernanke as the acceptable ceiling for inflation. Though price concerns have diminished, the rebound in the economy and notable wage growth are keeping upward pressure on Treasury yields as 2007 gets underway. Inflation readings will be the key going forward, and prices may find themselves under additional pressure due to the recent economic releases. For the Treasury yield curve, if the psychological resistant level at 5% is overcome, technical resistance levels could give yields additional room to run, and a new trading range of 5% to 5.5% for the near term would not be beyond reach. Even with a possible shift higher, the yield curve is expected to stay relatively flat for the foreseeable future, with longer-dated issues still providing little premium over shorter-dated notes so long as the long-term inflation picture remains contained. The best chance for some divergence would come from slightly higher yields on the long-end of the market as investors begin demanding more yield premium for longer-dated bonds. The extensions of bond portfolio durations will probably be lower priority for several months until investors get a better idea as to the next move by the Fed. What was previously thought to be an obvious top in the interest rate cycle is not quite as certain at this juncture. Fundamental influences such as lower fuel prices, a weaker U.S. dollar, and an avoidance of problems concerning Iran, North Korea, and Iraq would depress demand for U.S. debt. Contrarily, one major geo-political upheaval, a new spike up in crude negatively impacting consumers, and/or a rebound in foreign demand for Treasuries would be supportive of prices and put downward pressure on yields. These are all areas to watch as we head into a new year.

Market Outlook

Although the S&P advanced 15.79% in 2006, earnings kept pace with the price increase, and even slightly exceeded the move higher in price. Thus, from a price/earnings standpoint, the S&P 500 (SPX) is more attractive now than it was at the beginning of 2006. Moreover, the earnings yield compared to the 10-year Treasury note also indicates the SPX is undervalued. This metric shows if money is being treated better in the stock market or the bond market. The year-end earnings yield on the SPX was 5.56%. The yield on the U.S. 10-year note was near 4.7% at year-end. The difference in the two yields indicates the SPX was approximately 19.73% undervalued at the year-end price. Not only does the market look attractive from a valuation standpoint, but also psychology continues to appear favorable. The 10-day moving average on the put/call ratio was reading 0.898 at year-end, which was very impressive given orry was built in mid-2006 and should continue to buffer any market declines. Short-term market fluctuations have shown increasing fear on slight retracements. This is a bullish development for the stock market and is conducive for a steady advance. Until new developments prove otherwise, market pullbacks could present buying opportunities.



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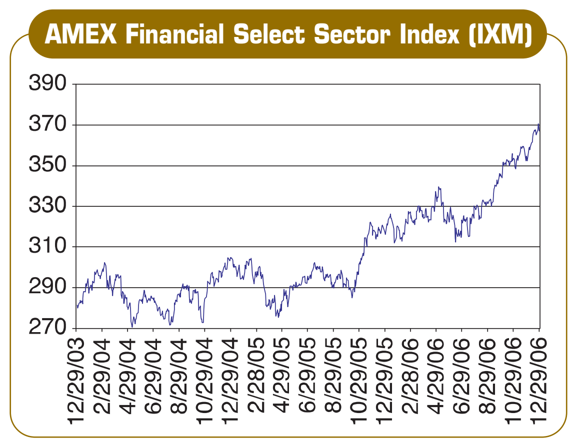

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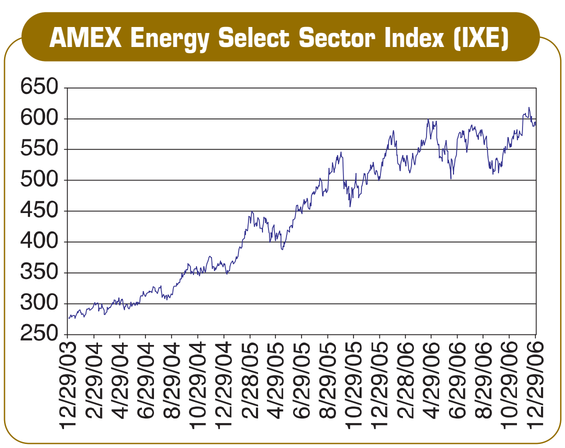

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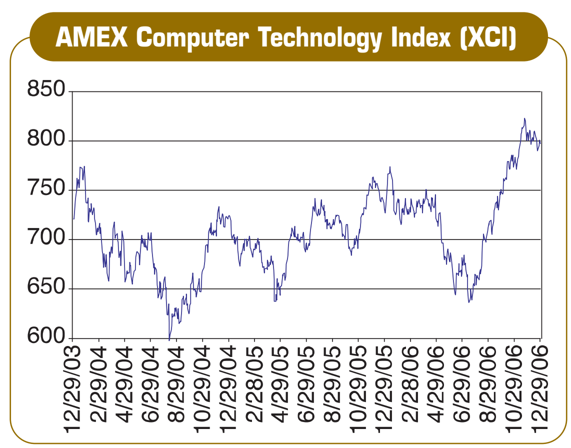


Source: Bloomberg

Many believe the market has moved too far too fast. However, two data points counter that thought. First of all, as previously stated, earnings have kept pace with the move higher in prices, which has allowed valuation to remain attractive. Secondly, the move that has occurred in the U.S. markets since July 2006, although impressive, advanced at the same pace as the move in 1995. This is not a prediction that the same type of market will develop going forward that existed in the mid-to-late 90s, but as long as earnings keep up with price increases and psychology measures remain bullish, we should not look for a prolonged decline. Additionally, it does not rule out an extremely significant longer-term move higher. The main area of concern is the volume action that has accompanied the move higher since July 2006. If volume begins to increase on moves lower and wane on moves higher, a closer look should be given to the technical health of the market, but as for now, the pros far outweigh the cons.

As for the global market environment, similar situations exist. The current economic conditions provide a catalyst for advancement in global equities. While threats remain, such as possible inflation, global terrorism threats, and many other potential barriers, the positives currently overwhelm the negatives. Down the road, debt levels and negative savings in the United States and an aging population may begin to cause global economic problems, but we anticipate these problems will not be near-term impediments to market performance as investors look for more yield out of longer-dated bonds.

Portfolio Adjustments

Following a good third quarter, the equity markets continued their move higher in the final quarter of 2006. As stated in the market overview section, gains were widespread among sectors and regions. Additionally, global fixed income markets also performed reasonably well, although some markets experienced higher yields late in the year.

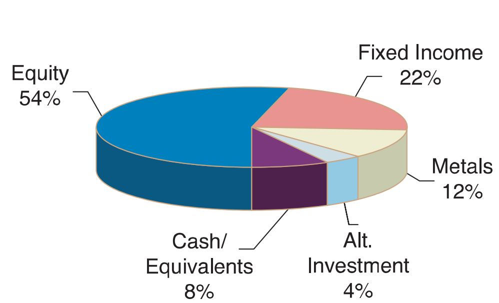
As for the changes in allocations, the portfolio remained fairly static. The adjustments in prior quarters positioned the portfolio well in order to take advantage of the moves at the end of 2006. As a result of the increase in equity values, the equity allocation increased from 50% to 54%. Some minor additions and amendments were made to this section, but overall, equities were allowed to benefit from the favorable market environment. The sector allocations within the equity allocation also remained constant. The positioning within the sectors contributed to the overall impressive performance during the fourth quarter. Going forward, we expect to make some minor adjustments throughout 2007, but we continue to have a bullish outlook on global equities.

The fixed income allocation declined from 26% to 22% due to the overall market move as well as some slight reallocations to take advantage of the positive equity market environment. The opportunity costs models indicate a very slight increase in interest rate risks versus other potential asset classes. Short-term rates in the United States will likely not move significantly higher in the coming quarters, but there is risk for longer-dated bonds to experience higher rates. Additionally, global interest rates, being highly dependant on internal fundamentals, have caused the positioning of the portfolio to shift slightly lower in this fixed income asset class.

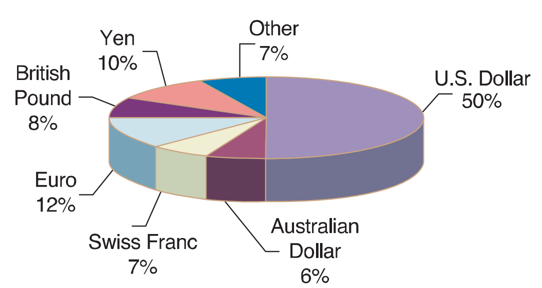
As with equities and bonds, currency allocations were also relatively unchanged for the quarter. The U.S. dollar continues to hold the largest allocation at 50%. The move down by 2 basis points was money that was shifted to the euro, mainly due to market conditions. The remaining currency allocations remained consistent with the third quarter's distribution.

One of the best performing allocation categories for the final quarter of 2006 was alternative investments. As with equities, alternative investments had been positioned to take advantage of favorable conditions, and therefore thrived last quarter. The alternative allocations remain in a great distribution to continue to perform well while limiting risks and offsetting volatility.

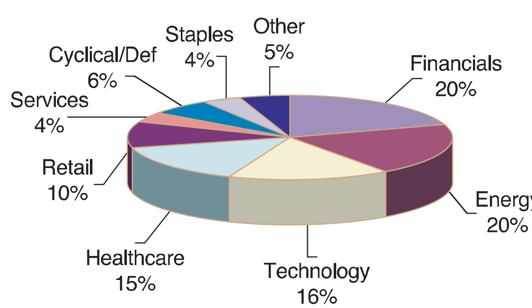
Product Allocations



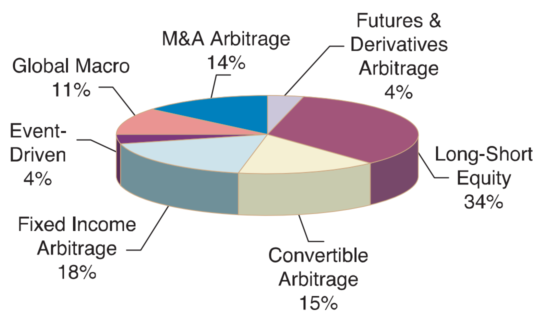
Currency Allocations



Sector Allocations



Alternative Investment Strategies



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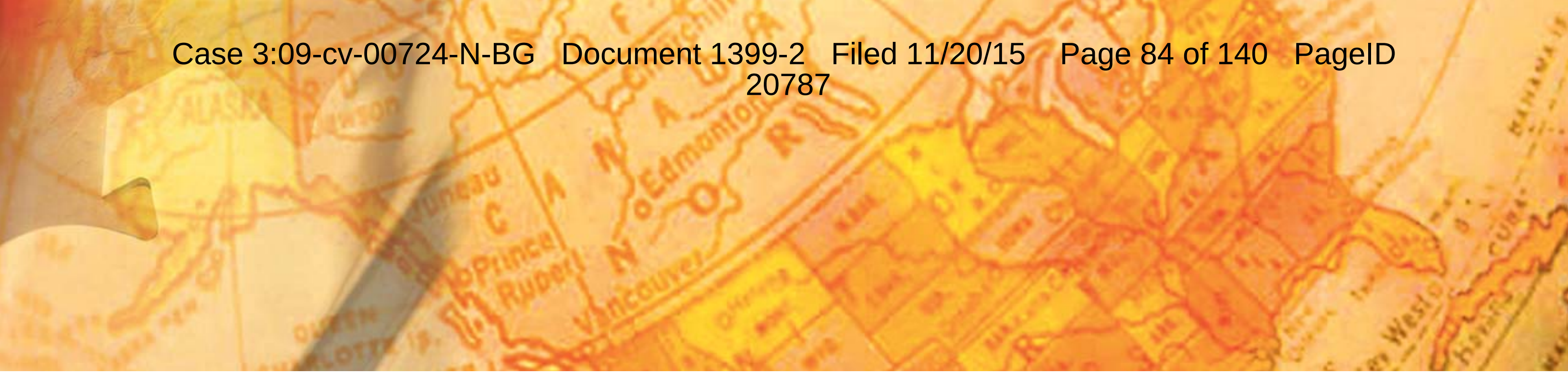

Financial & Economic Highlights

Treasury Bond Yields (12/29/06)

2 yr.	4.808%
5 yr.	4.692%
10 yr.	4.702%
30 yr.	4.809%

Interest Rates (12/29/06)

3M. LIBOR Fixed	5.36000%
6M. LIBOR Fixed	5.37000%
1yr. LIBOR Fixed	5.3293%
Prime Rate	8.250%

SIB Flex CD Rates
(Based Upon $100,000 Deposits)

3M.	4.250%
6M.	5.250%
1yr.	6.500%
3yr.	7.375%

Index Returns
(Percent Change YTD as of 12/29/06)

Dow Jones Industrial Average	16.2879%
Dow Jones Stoxx 50 (Europe)	10.3944%
MSCI Euro Debt Index*	10.8046%
NASDAQ 100 Stock Index	6.7895%
S&P 500	13.6194%

SIBL Data (12/29/06)

Total Assets	$5,336,317,447
Total Net Worth	$311,303,197
Year-to-Date Earnings	$28,849,367
Investment Portfolio	$5,258,538,437

* MSCI Euro Debt Index tracks the performance of all debt issues throughout Europe.

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KVT-9

From: Suarez, Yolanda
Sent: Monday, March 27, 2006 6:42 PM
To: Hamm, Suzanne
Subject: Re: Bloomberg Reporter CAll/Baldwyn

Yes. Pls coordinate directly with Lisa Wolford. This guy is hellbent on doing a story on us.
YS

-----Original Message-----
From: Hamm, Suzanne
To: Suarez, Yolanda
CC: Hodge, Julie
Sent: Mon Mar 27 11:55:30 2006
Subject: FW: Bloomberg Reporter CAll/Baldwyn

Michael Forsyth from Bloomberg contacted Baldwyn High School. Among his many questions (see below), he made a comment that "Laura is awfully young to hold such a high position in the firm."

Sounds like he is definitely "fishing" - did you pass the information on the last time (contacted Rocky's employee) he called to RLM?

Let me know.

Thx

Suzanne

From: Gentry, Mary Grace
Sent: Monday, March 27, 2006 10:30 AM
To: Hamm, Suzanne
Subject: Bloomberg Reporter

Suzanne,

A Bloomberg reporter, Michael, contacted Baldwyn High School last week to inquire about Mr. Davis and Laura. He wanted to confirm that Mr. Davis taught at the school until 1998. He spoke with the school librarian, Roberta McKay, who informed him that Mr. Davis never taught at Baldwyn to her knowledge, but his son graduated from Baldwyn High School in 1998. The reporter confirmed he was inquiring about a James Davis and described his age and position. He asked several questions about his Baldwyn employees and businesses. He also asked if Mr. Davis lived in Baldwyn and questioned his commute to work.

The reporter also inquired about Laura Pendergest and wanted to confirm the year she graduated from Baldwyn High School. Roberta told him to call the Baldwyn School District with further questions. I will let you know if he has contacted anyone else in the community.

Regards,

Mary-Grace

Mary-Grace H. Gentry

Regional Community Relations Manager

Stanford Foundation

6075 Poplar Ave., Suite 300

Memphis, TN 38119

901-537-1624

901-537-1635 (fax)

KVT-10

Dear Friends of Stanford Policy Research:

Welcome to our post-election assessment of policy and politics. We hope to gain some insights on how events may unfold over the next two years in the run-up to the 2008 Presidential election.

We believe Stanford policy research combined with fundamental research, offers one of the unique research models in the industry adding real value to our clients' investment decision making process.

With a national sales force of more than 30 seasoned professionals and a full complement of trading capability in New York, Boston, San Francisco, and Dallas, over 300 financial institutions are numbered among our clients.

We are expanding our international reach, working with our firm's offices and strategic partners in Europe, to bring our insight to a global audience .

We hope that you find the Washington Symposium informative and we look forward to providing a host of quality research services in the future.

Sincerely,

Ed Garlich
Managing Director,
Head of Policy Research

STANFORD

Contents **Page(s)**

Wednesday November 8, 2006

12:00 p.m.	*Luncheon*
	A Global Overview of the Economies and the Markets **Laura Pendergest,** Chief Investment Officer, Stanford Financial Group of Companies
	The 2006 Elections and Their Impact on Congress **Ron Elving,** Senior Washington Editor, National Public Radio
2:00 p.m.	*The 2007 U.S. Economic Outlook* **Dr. Lyle E. Gramley,** Former Federal Reserve Board Governor, Senior Economic Adviser, Stanford Policy Research
2:45 p.m.	*Break*
3:00 p.m.	*America: The Land of Opportunity* **The Honorable John Edwards,** 2004 Democratic Vice Presidential Candidate and Former United States Senator from North Carolina
4:00 p.m.	*The American Political Landscape-2006 & Beyond* **Andrew Card,** White House Chief of Staff (2000-2006)
5:00 p.m.	*Reception*
6:00 p.m.	*Welcoming Remarks* **James M. Davis,** Director and CFO, Stanford Financial Group of Companies
6:15 p.m.	*The Political Argument Today* **George Will,** Pulitzer Prize Winning Political Columnist
7:15 p.m.	*Dinner*
8:15 p.m.	*Cocktail Reception* **Presidential Suite**

THURSDAY, NOVEMBER 9, 2006

7:00 a.m.	*Continental Buffet Breakfast*
7:45 a.m.	*A View of the Equity Market and Leading Industry Groups* **John A. Mendelson,** Senior Vice President and Head of Stanford Market Analysis Group
8:15 a.m.	*The Latest Developments and Challenges Facing the Middle East* **Ambassador Dennis Ross,** Washington Institute for Near East Policy
9:00 a.m.	*Latin American Landscape* **Ambassador Peter Romero,** President and CEO, Experior Advisory
9:45 a.m.	Break
10:00 a.m.	*The Global Oil Outlook* **Luis Giusti,** Senior Adviser, Center for Strategic and International Studies
11:00 a.m.	*Port and Global Supply Chain Security: Where are we Heading?* **Stephen Flynn,** Jeane J. Kirkpatrick Senior Fellow for National Security Studies, Council on Foreign Relations
12:00 p.m.	*Luncheon* *The Future of Asia* **The Honorable Richard Armitage,** Deputy U.S. Secretary of State (2001-2005)
2:00 p.m	*Conference Concludes*

NOTE:

Meal functions will be held in Grand Ballroom B

Meeting functions will be held in Grand Ballroom A

STANFORD

Speaker Biographies

(In Order of Presentation)

Laura Pendergest
Chief Investment Officer, Stanford Financial Group of Companies

Ms. Pendergest is the Chief Investment Officer of the Stanford Financial Group of affiliated companies. These companies provide brokerage, banking, trust services and investment banking to an international client base with a broad range of investment products.

As a financial executive, Ms. Pendergest is a specialist in technical and fundamental analysis in the global investment markets. In this capacity, she is responsible for overseeing portfolio composition and maintenance and manages corporate proprietary trading and research. In addition, she is an officer with the holding company of the retail brokerage firm, Stanford Group Company. She also sits on the Strategic Investment Committee for Stanford Group of Companies.

Also, Ms. Pendergest has been the author of monthly global reports distributed by the company, including the publication of the Stanford Review and SIB Report.

Ms. Pendergest has received two degrees in Mathematics: Her B.A., Magna Cum Laude from Mississippi University for Women, Columbus, Miss., and her M.S., with honors, from Mississippi State University, Starkville, Miss.

Ron Elving
Senior Washington Editor, National Public Radio

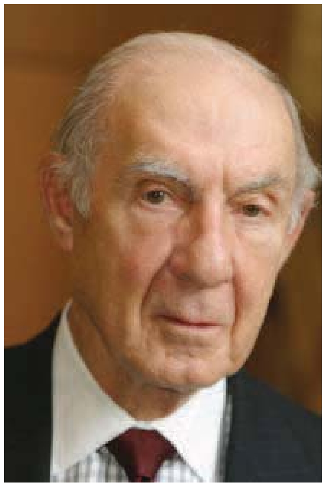
Ron Elving is the Senior Washington Editor for National Public Radio, where he directs coverage of the capital and of national politics and where he is frequently heard as a news commentator. He has been a recipient of the DuPont – Columbia University Award for Excellence in Broadcast Journalism. He was previously the political editor for USA Today and for Congressional Quarterly.

Mr. Elving is an adjunct professor at George Mason University and has also taught at American, Georgetown and Marquette.

He also writes the weekly NPR website column WATCHING WASHINGTON and has been published by the Brookings Institution and the American Political Science Association. His book, *Conflict and Compromise: How Congress Makes the Law,* was published by Simon & Schuster in 1995 and is now a Touchstone paperback.

He came to Washington in 1984 as a Congressional Fellow with the American Political Science Association and worked for two years as a staff member in the House and Senate.

He received his bachelor's degree from Stanford University and master's degrees from the University of Chicago and the University of California – Berkeley.



Dr. Lyle E. Gramley
Former Federal Reserve Board Governor, Senior Economic Adviser, Stanford Policy Research

Lyle E. Gramley is a Senior Economic Adviser to the Stanford Policy Research, which provides political, economic and industry research for institutional and corporate investors. Mr. Gramley joined Stanford Policy Research in June 2002. Prior to joining, Mr. Gramley was a Consulting Economist with the Mortgage Bankers Association from 1985 through May 2002.

Previously, Mr. Gramley was one of the seven Governors of the Federal Reserve Board, serving in that capacity from 1980 to 1985. In 1977, Mr. Gramley became a member of the President's Council of Economic Advisers (CEA), where he continued until his appointment to the Federal Reserve Board in May 1980.

Earlier, Mr. Gramley had spent many years as a staff economist in the Federal Reserve System, first with the Federal Reserve Bank of Kansas City and later with the Federal Reserve Board. In 1977, prior to his appointment to the CEA, Mr. Gramley was Director of the Board's Division of Research and Statistics.

Mr. Gramley's fields of specialization include economic forecasting and monetary policy. His experience in both areas is extensive. In his capacity as Director of the Division of Research and Statistics at the Federal Reserve Board, Mr. Gramley was the senior economic forecaster at the Federal Reserve. As a Member of the CEA, Mr. Gramley headed the Carter Administration's forecasting team.

Born in Aurora, Illinois, Mr. Gramley did his undergraduate work at Aurora University and Beloit College. He performed his graduate work at Indiana University, receiving the Ph.D. degree in economics in 1956.

The Honorable John Edwards
2004 Democratic Vice Presidential Candidate and Former United States Senator from North Carolina

John Edwards was born in Seneca, South Carolina and raised in Robbins, North Carolina, a small town in the Piedmont. There John learned the values of hard work and perseverance from his father, Wallace, who worked in the textile mills for 36 years, and from his mother, Bobbie, who ran a shop and worked at the post office. Working alongside his father at the mill, John developed his strong belief that all Americans deserve an equal opportunity to succeed and be heard.

A proud product of public schools, John became the first person in his family to attend college. He worked his way through North Carolina State University where he graduated with high honors in 1974, and then earned a law degree with honors in 1977 from the University of North Carolina at Chapel Hill.

For the next 20 years, John dedicated his career to representing families and children just like the families he grew up with in Robbins. Standing up against the powerful insurance industry and their armies of lawyers, John helped these families through the darkest moments of their lives to overcome tremendous challenges. His passionate advocacy for people like the folks who worked in the mill with his father earned him respect and recognition across the country.

In 1998, John took this commitment into politics to give a voice in the United States Senate to the people he had represented throughout his career. He ran for the Senate and won, defeating an incumbent Senator.

In Congress, Senator Edwards quickly emerged as a champion for the issues that make a difference to American families: quality health care, better schools, protecting civil liberties, preserving the environment, saving Social

John Edwards, continued from previous page

Security and Medicare, and reforming the ways campaigns are financed.

As a member of the Select Committee on Intelligence, Senator Edwards worked tirelessly for a strong national defense and to strengthen the security of our homeland. He authored key pieces of legislation on cyber, bio, and port security.

Senator Edwards brought a positive message of change to the 2004 presidential primaries. During the primary season he spoke about the two Americas that exist in our country today: one for people at the top who have everything they need and one for everybody else who struggle to get by. This powerful message resonated with voters all across America.

After the Democratic primaries, Senator John Kerry picked Senator Edwards to serve as his running mate in the 2004 general election, and Senator Edwards crisscrossed the country and campaigned tirelessly on Senator Kerry's behalf.

Today, he is the Director of the Center on Poverty, Work, and Opportunity at the University of North Carolina at Chapel Hill.

Senator Edwards and his wife, Elizabeth, whom he met when both were law students at Chapel Hill, were married in 1977. They have had four children, including: their eldest daughter, Catharine, who lives in New York; seven-year-old Emma Claire, and a five-year-old son, Jack. Their first child, Wade, died in 1996.

Andrew Card
White House Chief of Staff (2000-2006)

On November 26, 2000, Andrew H. Card, Jr., was appointed to be Chief of Staff in the presidential administration of Texas Governor George W. Bush. Mr. Card was chosen because of his impressive service record in the public and private sector, including serving in the administrations of two former presidents. Mr. Card's last day was April 14, 2006, making him the second-longest serving White House chief of staff.

From 1992 until 1993, Mr. Card served as the 11th U.S. Secretary of Transportation under President George Bush. In August 1992, at the request of President Bush, Secretary Card coordinated the Administration's disaster relief efforts in the wake of Hurricane Andrew. Later that year, Secretary Card directed President Bush's transition office during the transition from the Bush Administration to the Clinton Administration.

From 1988 to 1992, Mr. Card served in President Bush's administration as Assistant to the President and Deputy Chief of Staff. He managed the daily operations of the White House staff and participated in the full range of economic, foreign, and domestic policy development.

Mr. Card served in President Reagan's administration as Special Assistant to the President for Intergovernmental Affairs and subsequently as Deputy Assistant to the President and Director of Intergovernmental Affairs, where he was liaison to governors, statewide elected officials, state legislators, mayors and other elected officials.

Andrew Card, continued from previous page

Prior to being named Chief of Staff for the presidential administration of Governor Bush, Mr. Card was General Motors' Vice President of Government Relations since 1999. Mr. Card directed the company's international, national, state and local government affairs activities and represented GM on matters of public policy before Congress and the Administration.

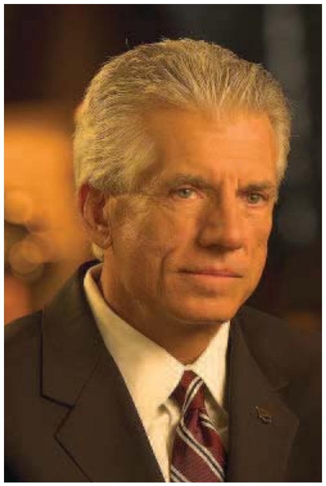
From 1993 to 1998, Mr. Card was President and Chief Executive Officer of the American Automobile Manufacturers Association (AAMA), the trade association whose members were Chrysler Corporation, Ford Motor Company and General Motors Corporation. The AAMA dissolved in December 1998.

He served in the Massachusetts House of Representatives from 1975-1983. In 1982, Mr. Card was named Legislator of the Year by the National Republican Legislators Association and received the Distinguished Legislator Award from the Massachusetts Municipal Association.

Currently, he serves on the board of directors at Union Pacific Corporation.

Mr. Card graduated from the University of South Carolina with a Bachelor of Science degree in engineering. He attended the United States Merchant Marine Academy and the John F. Kennedy School of Government at Harvard University and has received numerous honorary degrees and awards.

A native of Holbrook, Massachusetts, Andy, and his wife Kathleene, have three children and four grandchildren.



James M. Davis
Director and CFO, Stanford Financial Group of Companies

From Mississippi (USA) to financial centers on four continents, James M. Davis has helped to shape one of the most comprehensive financial services corporations in the world.

Davis graduated from Baylor University's Hankamer School of Business in Waco, Texas, But, it was the relationship with his college roommate, Chairman, R. Allen Stanford, which would set him on a career journey that has lasted more than 33 years.

Through clear vision, hard work and true entrepreneurial spirit, Stanford Financial Group (SFG) has become a network of global financial and affiliated services.

Stanford Financial now employs nearly 4,000 people in over 95 business units located in North and South America, the Caribbean and Europe.

Today, James Davis serves as Director and Chief Financial Officer of the Stanford Financial Group of Companies representing over $25 billion in assets under management or administration. He has been named to all of the boards and major committees of the SFG affiliates - many of which he serves as Chairman.

Davis is also the author of numerous articles on global investing and investment portfolio management, which have been published in various foreign and U.S. periodicals including Latin Finance, Stanford Review, SIBL Report and Eagle Magazine.

Aside from his significant role in SFG, James Davis takes to heart the financial, educational and spiritual needs

James M. Davis, continued from previous page

of every community served by the Stanford companies. He sits on the Advisory Board of Derek Prince Ministries, the Professional Advisory Board of St. Jude Children's Research Hospital as well as the Board of Hero House in Antigua, the Board of Directors of the Memphis Sports Development Corporation in Memphis, Tenn., and the Advisory Council for the Rudi Scheidt School of Music at the University of Memphis.

Starting in his carriage house, Mr. Davis was also instrumental in founding a non-denominational, multicultural, community church in Guntown, Miss., that now includes Faith Christian School, a non-profit institution, with grades K-12.

In Memphis, Tenn., where the Stanford Financial offices of the CFO are based, Mr. Davis has directed significant corporate community support to the Regional Chamber of Commerce, the Greater Memphis Arts Council, The Salvation Army, LeBonheur Children's Hospital and numerous other charitable and cultural organizations. He is also seriously committed to the progress of education in our communities.

Recently, James Davis turned his attention back to his roots and become an integral part of the Main Street Association and its work with the renovation and redevelopment in Baldwyn, Miss.,. This initiative includes three downtown buildings including a restaurant named the Old Post Office Restaurant located aptly in the historic 1914 Post Office building featuring high-end interior design and a menu of haute-southern cuisine.

George Will
Pulitzer Prize Winning Political Columnist

George F. Will's newspaper column has been syndicated by *The Washington Post* since 1974. Today it appears twice weekly in just under 500 newspapers in the United States and in Europe. In 1976, he became a regular contributing editor of *Newsweek* magazine, for which he provides a bimonthly back-page essay. In 1977 he won a Pulitzer Prize for commentary in his newspaper columns.

Altogether seven collections of Mr. Will's Newsweek and Washington Post columns have been published, the most recent being *With A Happy Eye But…: America and the World, 1997-2002* (2002). Mr. Will has also published three books on political theory, *Statecraft as Soulcraft: What Government Does* (1983), *The New Season: A Spectator's Guide to the 1988 Election* (1987) and *Restoration: Congress, Term Limits and The Recovery of Deliberative Democracy* (1992). In 1990, Mr. Will published *Men At Work: The Craft of Baseball*, which topped *The New York Times* bestseller list for two months. In 1998, Scribner published *Bunts: Curt Flood, Camden Yards, Pete Rose and Other Reflections on Baseball*, a best-selling collection of new and previously published writings by Mr. Will on baseball. In July 2000, Mr. Will was a member of Major League Baseball's Blue Ribbon Panel, examining baseball economics.

In 1981, Mr. Will became a founding panel member on ABC television's *This Week.*

Mr. Will was born in Champaign, Illinois, educated at Trinity College in Hartford, Connecticut, Oxford University and Princeton University, where he earned his Ph.D. He has taught political philosophy at Michigan State University, the University of Toronto and Harvard University. Mr. Will served as a staff member in the United States Senate from 1970 to 1972. From 1973 through 1976, he was the Washington editor of National Review magazine. Today, Mr. Will lives and works in the Washington, D.C. area.

John A. Mendelson
Senior Vice President and Head of Stanford Market Analysis Group

Mr. Mendelson is a technical analyst with Stanford Group Company. His in-depth reports highlight market trends that he sees emerging based on the technical factors he follows, as well as his views on specific industry groups. Mr. Mendelson was recently recognized again by Institutional Investor magazine, as II's Second Team All America for Technical Research. Prior to joining Stanford, he was head of Market Analysis for Schwab Capital Markets as well as for both Morgan Stanley and Dean Witter. He is a graduate of Princeton University.

Ambassador Dennis Ross
Washington Institute for Near East Policy

Ambassador Dennis Ross is Counselor and Ziegler Distinguished Fellow at the Washington Institute for Near East Policy. For more than 12 years, Ambassador Ross played a leading role in shaping U.S. involvement in the Middle East peace process and dealing directly with the parties in negotiations. He served as Special Middle East Coordinator in the Clinton administration and as director of the policy planning staff at the State Department in the George H.W. Bush administration. A regular commentator on the Fox News Channel, Amb Ross is a frequent contributor to the Washington Post, Financial Times, Los Angeles Times, and U.S. News and World Report. He is the author of *The Missing Peace: The Inside Story of the Fight for Middle East Peace*. His next book, *Statecraft and Restoring America's Place in the World* will be published next spring.

Ambassador Peter Romero
President and CEO, Experior Advisory

Peter F. Romero is the CEO of Experior Advisory, a Washington DC-based consulting firm that specializes in international business and political advising. Mr. Romero has over twenty-six years of experience negotiating in international markets and politics. He has advised major U.S. corporations on national and local strategies regarding environmental, indigenous, labor, and political issues. In addition, he advises U.S. and foreign companies on capital raising, selecting local partners, acquisitions, and mergers in association with several investment banks.

From July 2001 to April 2003 Mr. Romero served as Managing Director of Violy, Byorum & Partners (VB&P). During this time, he led the advisory and consultancy practice at VB&P, which included foreign–venue dispute resolution and bidding (both public and private). Additionally, Mr. Romero is a board advisor to U.S. and foreign corporations on commercial and financial matters in connection with governmental affairs.

Formerly, Mr. Romero was the Assistant Secretary of State of the new Western Hemisphere Affairs Bureau (an area that stretches from Canada to Chile), where he was the highest-ranking Hispanic in the career U.S. Foreign Service. A twenty-four-year career diplomat, he previously served inter alia as Principal Deputy Assistant Secretary, U.S. Ambassador to Ecuador and Chief of Mission of our Embassy in San Salvador.

The bureau Ambassador Romero led is responsible for promoting U.S. interests in the Western Hemisphere in support of strengthening democratic institutions, expanding U.S. trade opportunities and attaining sustainable economic development, including the start of free trade negotiations with Chile.

Ambassador Romero promoted enhanced cooperation on counternarcotics, crime, and poverty reduction. On counternarcotics, he was a principal architect of the Forward Operations Location (FOLS) concept, which now forms the lynchpin of our national security strategy. Ambassador Romero was responsible for making and

Ambassador Peter Romero, continued from previous page

defending budget proposals before the U.S. Congress and executing an annual operations budget in excess of $2 billion.

First as U.S. Ambassador to Ecuador, and then as Assistant Secretary of State, Ambassador Romero played a key role in support of the peaceful resolution of the border dispute between Peru and Ecuador. His diplomatic negotiation skills also bore fruit in the peace accords, with their implementation and management of a $270 million assistance budget between 1991 and 1993 in El Salvador. Ambassador Romero first conceived of “Plan Colombia” and was the principal State Department official to convince the U.S. Congress to appropriate $1.2 billion in support of the Plan.

Ambassador Romero continues to be sought after for his expertise in investment strategies, national reconciliation, and conflict resolution. He advises Presidents and cabinet members of governments throughout the hemisphere.

Ambassador Romero received the Department’s highest award, the Distinguished Honor Award in 2001, the prestigious Equal Employment Opportunity Award in 1998, the Baker-Wilkins Award for leadership of an overseas mission in 1993, and the Walter J. Stoessel Award in recognition of his highly distinguished career, as well as several Superior Honor Awards. He received the highest civilian award from Colombia, the Order of Boyacá, for his contribution to national security and development in that country.

Ambassador Romero is on the board of Special Olympics International, the Stanford Financial Group, the Americas Foundation, the Inter-American Economic Council and was a founding member of the Hispanic Council on International Relations. He is the 2001 recipient of the Roberto Clemente Award from Boricua College for his distinguished public service.

Born in New York, Peter Romero received a Bachelor of Science degree and a Master of Arts degree in International Relations from Florida State University. He speaks fluent English, Spanish and Italian.

Luis Giusti
Senior Adviser, Center for Strategic and International Studies

Luis Giusti, a petroleum engineer and private consultant, has been a senior adviser at CSIS since April 1999, principally in energy and Latin American affairs. In addition, he is a member of the advisory boards of Riverstone-Carlyle and the Stanford Financial Group. He is also a member of the board of governors and special adviser to the chairman of the Centre for Global Energy Studies in London. Between September 2000 and September 2005 he was a non-executive director of Royal Dutch Shell. In academia, he is a member of the advisory boards of the Institute for Latin American Studies at Babson College, The Energy Institute of the University of Houston, the Maguire Energy Institute at Southern Methodist University in Dallas, Texas, and the Institute of Global Studies at George Washington University. He was a member of the task force that issued Strategic Energy Policy Challenges for the 21st Century (Council on Foreign Relations and Institute of Energy of Rice University, 2001). Giusti began his career at Shell Corporation in Venezuela after which, in 1976, he joined Maraven, S.A., an operating affiliate of Petroleos de Venezuela, S.A. (PDVSA). At PDVSA he held diverse positions related to exploration and production, refining, corporate planning, and marketing. In 1994 he was appointed chairman and CEO of the corporation, a job he held until March 1999. Under his leadership, the Venezuelan petroleum sector underwent major reform, which included an opening to private participation, with resulting estimated foreign direct investments of about $30 billion for the period 1995 to 2004. Over the last five years of his tenure at PDVSA, the company continued to consolidate its international downstream position by completing major deals with Mobil, Phillips, Chevron, and Amerada Hess. He graduated in 1966 from the University of Zulia, Venezuela, and received an M.S. in petroleum engineering from the University of Tulsa, Oklahoma, in 1971. He is a member of the Advisory boards of Energy Intelligence Group (publisher of PIW, Oil Daily and Energy Compass) and the Inter American Dialog. He is a frequent speaker and publisher in the Oil & Gas circuit.

Stephen Flynn
Jeane J. Kirkpatrick Senior Fellow for National Security Studies, Council on Foreign Relations

Stephen Flynn is a researcher, independent advisor, and frequent commentator on homeland security, global trade and maritime transportation security, and emergency preparedness. He the author of the critically acclaimed and national bestseller, *America the Vulnerable*. In February 2007, Random House will publish his new book, *The Edge of Disaster: Surviving Catastrophe and Terrorism*. Dr. Flynn is the inaugural occupant of the Jeane J. Kirkpatrick Chair in National Security Studies at the Council on Foreign Relations. Since 9/11 he has provided congressional testimony on homeland security matters on 17 occasions. He spent 20 years as a commissioned officer in the U.S. Coast Guard including two commands at sea, served in the White House Military Office during the George H.W. Bush administration, and was director for Global Issues on the National Security Council staff during the Clinton administration. He holds a Ph.D. and M.A.L.D. from the Fletcher School of Law and Diplomacy and a B.S. from the U.S. Coast Guard Academy.

The Honorable Richard Armitage
Deputy U.S. Secretary of State (2001-2005)

Beginning March 2005, Richard L. Armitage became President of Armitage International. Previously, his nomination as Deputy Secretary of State was confirmed by the Senate on March 23, 2001. He was sworn in on March 26, 2001.

Prior to returning to government service in 2001, Mr. Armitage was President of Armitage Associates L.C. from May 1993 until March 2001. He had been engaged in a range of worldwide business and public policy endeavors as well as frequent public speaking and writing.

From March 1992 until his departure from public service in May 1993, Mr. Armitage (with the personal rank of Ambassador) directed U.S. assistance to the new independent states (NIS) of the former Soviet Union.

From 1989 through 1992, Mr. Armitage filled key diplomatic positions as Presidential Special Negotiator for the Philippines Military Bases Agreement and Special Mediator for Water in the Middle East. President Bush sent him as a Special Emissary to Jordan's King Hussein during the 1991 Gulf War.

In the Pentagon from June 1983 to May 1989, he served as Assistant Secretary of Defense for International Security Affairs.

In May 1975, Mr. Armitage came to Washington as a Pentagon consultant and was posted in Tehran, Iran, until November 1976. Following two years in the private sector, he took the position as Administrative Assistant to Senator Robert Dole of Kansas in 1978. In the 1980 Reagan campaign, Mr. Armitage was senior advisor to the

Richard Armitage, continued from previous page

Interim Foreign Policy Advisory board, which prepared the President-Elect for major international policy issues confronting the new administration. From 1981 until June 1983 Mr. Armitage was Deputy Assistant Secretary of Defense for East Asia and Pacific Affairs in the Office of the Secretary of Defense.

Born in 1945, Mr. Armitage graduated in 1967 from the U.S. Naval Academy, where he was commissioned an Ensign in the U.S. Navy. He served on a destroyer stationed on the Vietnam gunline and subsequently completed three combat tours with the riverine/advisory forces in Vietnam. Fluent in Vietnamese, Mr. Armitage left active duty in 1973 and joined the U.S. Defense Attache Office, Saigon. Immediately prior to the fall of Saigon, he organized and led the removal of Vietnamese naval assets and personnel from the country.

He has received numerous U.S. military decorations as well as decorations from the governments of Thailand, Republic of Korea, Bahrain, and Pakistan.

On December 15, 2005, Mr. Armitage was awarded a KBE and became a Knight Commander of the Order of St. Michael and St. George.

Mr. Armitage currently serves on the Board of Directors of ManTech International Corporation and Transcutaneous Technologies, Inc. (TTI) and is a member of The American Academy of Diplomacy. He was most recently awarded the Department of State Distinguished Service Award. He has been awarded the Department of Defense Medal for Distinguished Public Service four times, the Secretary of Defense Medal for Outstanding Public Service, the Chairman of the Joint Chiefs Award for Outstanding Public Service, the Presidential Citizens Medal, presented by the President to citizens who have performed exemplary deeds of service, and the Department of State Distinguished Honor Award.

STANFORD

Stanford Policy Analyst Biographies

Edward V. Garlich Jr.
SVP, Sr. Managing Director and Energy Analyst

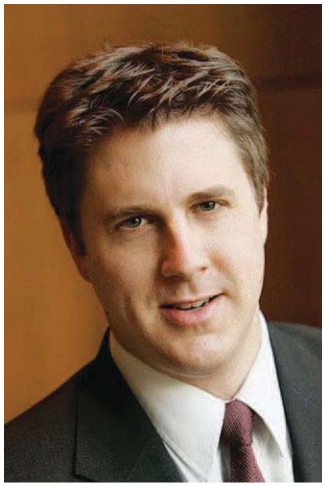
Mr. Garlich is the Senior Managing Director of Stanford Policy Research. He covers energy policy and geopolitical strategy. He began his career as an aide to former Sen. Gordon Allott (R-Colo.). He has worked on a number of senatorial and presidential campaigns and was an analyst with the Center for Strategic and International Studies at Georgetown. He was also a member of the International Institute for Strategic Studies in London. In addition, Mr. Garlich was a government affairs specialist with a number of national trade associations. Mr. Garlich received his bachelor's degree from Georgetown University's School of Foreign Service and did graduate work at the Johns Hopkins School of Advanced International Studies.

Anne Mathias, CFA
SVP, Director of Research

Ms. Mathias serves as Stanford Policy Research's Director of Research and covers pension and retirement issues. Prior to joining Stanford, Ms. Mathias was a General Partner in health care and biotech private equity funds investing in the United States and internationally. She has also served as a Senior Consultant for an international management consulting practice of Deloitte & Touche. She became a CFA Charterholder in 1999 and is a member of the CFA Institute. She received a bachelor's degree (Cum Laude, Phi Beta Kappa) in Spanish from the University of Maryland and a master's degree (with honors) in International Affairs from Georgetown University. She speaks Spanish and French.

David E. Baker, Brig. Gen. (USAF, Ret.)
SVP, National Security/Defense Analyst

Gen. Baker covers the aerospace/defense sector; national security policy/strategy; technology related to global information operations for commercial and military purposes; and the war on terror, including cyber-terrorism. He was a highly decorated combat veteran fighter pilot and most recently served on the Joint Chiefs of Staff as the Deputy Director of Operations. In addition, the General flew over 20 combat missions in the F-15E during Operation Desert Storm. He received a BBA from Hofstra University and a MBA from the University of Hawaii (Beta Gamma Sigma). He is a 1996 graduate of the Johns Hopkins School of Advanced International Studies (SAIS) program and an alumnus of the Collège de la Defénse Nationale (Canada), the Defense Institute for Security Assistance Management, and the Air War College.



David Blaszczak
SVP, Medical Technology Analyst

Mr. Blaszczak specializes in the area of medical technology, pharmaceutical, and health services policy issues. Prior to joining Stanford, Mr. Blaszczak worked in the Office of the Administrator at the Centers for Medicare and Medicaid Services. He worked on the implementation of the Medicare Modernization Act, working with key administration officials in HHS, White House staff, and the office of the Senate Majority Leader. In addition, Mr. Blaszczak has prior experience with state government and the health insurance industry. He is a member of the American College of Health Care Executives and the Center for Health Transformation. He earned a bachelor's degree in Health Administration and a master's in Public Policy from the University of Maryland, Baltimore.

Gregory K. Frykman, M.D.
SVP, Pharmaceutical Analyst

Dr. Frykman covers the pharmaceutical and biotechnology industry with a focus on scientific, medical and regulatory aspects of cancer therapies Formerly, Dr. Frykman worked as a medical reviewer in both the Division of Oncology Drug Products and the Center for Biologics at the Food and Drug Administration. He remains on the active medical staff at Montgomery General Hospital. He earned a bachelor's degree in Physics and a Medical Doctorate, both from Loma Linda University; an Internal Medicine residency at the USC-Los Angeles County Medical Center; a Medical Oncology fellowship at the Johns Hopkins University; and additional training in Developmental Therapeutics at the National Cancer Institute. He is ABIM board certified in Internal Medicine, Hematology and Medical Oncology.

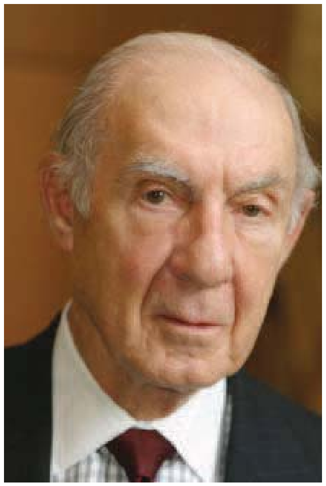
Paul Gallant

SVP, Cable & Media Analyst

Mr. Gallant covers cable, satellite and broadcast policy for Stanford Policy Research. Prior to joining Stanford, Mr. Gallant served as legal advisor for media policy to FCC Chairman Michael Powell. Previously he had served as legal advisor on telecommunications issues to FCC Commissioners James Quello and Gloria Tristani. He also held senior government affairs posts with Qwest Communications and Broadband Office. Mr. Gallant earned a law degree from Catholic University and a bachelor's degree from Georgetown University.

Paul L. Glenchur
SVP, Telecom Services Analyst

Mr. Glenchur covers issues in the telecommunications and cable industries. Prior to joining Stanford, he served as an attorney in the Common Carrier and Cable Bureaus of the Federal Communications Commission. He was previously associated with the Washington, D.C., firm of Miller & Chevalier and served as an official in the Office of Congressional Affairs at the U.S. Department of Energy. He has also served as a judicial law clerk in the United States Court of Appeals for the Ninth Circuit. Mr. Glenchur earned a law degree from Hastings College of Law at the University of California. He is a member of the State Bar of California, the District of Columbia Bar, and the Federal Communications Bar Association. Mr. Glenchur graduated with honors from the University of California, Berkeley.



Lyle E. Gramley
Senior Economic Advisor

Mr. Gramley specializes in economic forecasting and monetary policy issues. Prior to joining Stanford Policy Research in 2002, he was a Consulting Economist with the Mortgage Bankers Association. Previously, Mr. Gramley was one of the seven Governors of the Federal Reserve Board and served in that capacity for five years. Mr. Gramley spent many years as a staff economist in the Federal Reserve System, and in 1977, Mr. Gramley served as a member of the President's Council of Economic Advisers. Mr. Gramley completed his undergraduate work at Aurora University and Beloit College and earned his Ph.D. in economics from Indiana University.

Jeremy Grant
SVP, Identity Solutions Analyst

Mr. Grant covers the biometrics, ID management and RFID industries analyzing the current and future market for the emerging ID management industry. Mr. Grant has a decade of experience in the biometrics and ID management business, both in industry and government. Prior to joining, Stanford, Mr. Grant was Vice President in the Intelligent Technologies Division of Maximus, Inc., where he led the division's Security and Identity Management practice. In this position, he played a major role in a number of the federal government's largest identity management programs. Mr. Grant has a B.S from the University of Michigan, Ann Arbor and has done graduate work at George Washington University in Washington, D.C.

Francesca McCann
SVP, Sr. Water Industry Analyst

Ms. McCann covers the water industry, including water utilities and equipment/treatment companies and has developed niche coverage of the international water sector. Ms. McCann received her MBA from the UCLA Anderson School with a concentration in International Finance. Her professional career includes a political appointment at the U.S. Department of Energy, international work in Latin American trade policy at the U.S. Chamber of Commerce and business development at the French Embassy. Ms. McCann holds a bachelor's degree in International Political-Economy from Colorado College. She is fluent in Spanish and speaks French and German.

Mark McMinimy
SVP, Agribusiness/Ethanol/Tobacco Analyst

Mr. McMinimy specializes in agribusiness, food products and the tobacco industry. Prior to joining Stanford Policy Research, he was a statistician and editor for the United Nations Food & Agriculture Organization in Rome. He also was Associate Editor for Milling and Baking News. Prior to that, Mr. McMinimy was an agriculture policy analyst for the Congressional Research Service, and he served as a legislative aide to Rep. Dan Glickman (D-Kan.), the former Secretary of Agriculture. Mr. McMinimy began his career as a commodity analyst for tropical products for Schnittker Associates, a Washington-based consulting firm. He received his bachelor's degree in History from the University of Delaware, and speaks Italian and French.

Josephine Millward, CFA
SVP, Homeland Security Analyst

Ms. Millward covers the emerging homeland security industry analyzing major homeland security policy, programs, and spending on the nation's airports, seaports, first responders, critical infrastructure facilities, and land border crossings. Prior to joining Stanford, she was an equity research associate analyst at JP Morgan Chase, covering global communications technology companies. She was also an investment officer at the World Bank,working on investment manager selection and portfolio construction for the Bank's $12 billion pension plan. She began her career in corporate finance at Enron, analyzing and structuring energy and telecom capital deals. Ms. Millward received her MBA from Georgetown University and bachelor's degree in business administration from the University of California, Riverside.

Erik R. Olbeter, CFA
SVP, Government IT Services Analyst

Mr. Olbeter covers the technology sector. He specializes in analyzing legislative, regulatory and budgetary issues that impact software, IT services and network equipment companies. Prior to joining Stanford, he worked at the Economic Strategy Institute, where he gained national attention for his work on E-commerce, Internet access and telephony, and other national and international Internet issues and their implications for the economy, corporations and public policy. Mr. Olbeter received a bachelor's degree in Economics and Political Science from Rutgers University in New Jersey. He received his master's degree in Public Policy from Georgetown University where he concentrated on Econometric Analysis and Telecommunications Policy.

Jaret Seiberg
SVP, Financial Services/Asbestos Analyst

Mr. Seiberg covers financial services policy and asbestos reform for Stanford Policy Research. Prior to joining Stanford, Mr. Seiberg spent morthan a decade following Washington policy developments, most recently as the Washington Bureau Chief and Assistant Managing Editor of *The Deal* and *The Daily Deal*. Prior to that he was the Deputy Bureau Chief for the American Banker. He was honored by the Journal of Financial Reporting as one of the top business journalists and was a Finalist for the Neal National Business Journalism Award for Best News Coverage in 2004. He has a B.A. from American University in Washington, D.C., and an M.B.A. from the University of Maryland at College Park.

Christine Tezak
SVP, Electricity, Natural Gas and Energy Policy Analyst

Ms. Tezak has covered the federally-regulated electricity and natural gas sectors since 2000 and environmental policy since 1992. Her environmental background provides a unique perspective as energy and environmental issues continue to converge. She has testified before the Federal Energy Regulatory Commission and the U.S. House of Representatives. She is a six-term board member and current President of the Washington-based Women's Council on Energy & the Environment and a member of the Natural Gas Roundtable. Prior to joining the Washington Research Group, Ms. Tezak was a research associate with HSBC Securities, Inc. and with NatWest Securities. Ms. Tezak received her bachelor's degree in Russian from Boston College and her MBA in Finance from The George Washington University.

Joanne L. Thornton
SVP, Director of International Research

Ms. Thornton specializes in the areas of international trade and foreign policy and serves as Director of International Research. Prior to joining, Stanford Policy Research in 1979, she was an analyst at the Center for International Security, a foreign policy research organization. Ms. Thornton earned a bachelor of arts in Political Science and French from Duquesne University, and a master's degree in International Affairs from The George Washington University. She is a member of Phi Sigma Iota, the foreign language honor society.

Gregory R. Valliere
SVP, Chief Political Strategist

Mr. Valliere covers politics, and federal monetary and tax policy. He began his career at *The Washington Post* and later became Chief Congressional Correspondent and then News Editor of "*F-D-C" Reports,* a trade publication that monitors the drug and cosmetic industries. He is a frequent guest on CNBC's "Market Wrap," as well as a frequent co-host of "Squawk Box." Mr. Valliere earned a bachelor's degree in Journalism from The George Washington University, where for several years he taught a course in newsletter writing.

Eric Weissenstein
SVP, Health Care Analyst

Mr. Weissenstein covers health care services and pharmaceutical policy issues. He was formerly the Washington Bureau Chief for *Modern Healthcare* magazine, and a reporter for Advertising Age magazine. He began his career as a Certified Public Accountant in the Chicago office of Ernst & Young. Mr. Weissenstein earned a bachelor's degree in Accounting at Millikin University, Decatur, Illinois, and a master's degree in Journalism at the University of Illinois, Champaign-Urbana.

John A. Mendelson
SVP, Technical Research Analyst

Mr. Mendelson is a technical analyst with Stanford Group Company. His in-depth reports highlight market trends that he sees emerging based on the technical factors he follows, as well as his views on specific industry groups. Mr. Mendelson was recently recognized again by Institutional Investor magazine, as II's Second Team All America for Technical Research. Prior to joining Stanford, he was head of Market Analysis for Schwab Capital Markets as well as for both Morgan Stanley and Dean Witter. He is a graduate of Princeton University.

Scott B. Evans, CMT
SVP, Technical Research Analyst

Mr. Evans is a technical analyst with Stanford Market Analysis. Prior to joining Stanford, Evans was a vice president of market analysis with the Leerink Swann & Companies and previous to that spent four years as an analyst with Charles Schwab's Capital Markets division. Mr. Evans received a bachelor's degree from Wittenberg University and holds a Certified Market Technician (CMT) designation.

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Douglas B. Rainwater, CFA, CPA

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Biotechnology
Biren Amin

Healthcare Services / Facilities Research
Gary Lieberman

Pharmaceutical Outsourcing and Healthcare IT
Rebecca Jones Kujawa

Water / Environment

Francesca McCann

Technology

Semiconductor Equipment & Materials
Timothy Summers

Semiconductors
Christopher Chaney

Semiconductors (Communications)
Tim Kellis

Communications Equipment
Carter Driscoll

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Gary Spivak

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Rodney Ratliff

Enterprise Sofware
Neil Herman

Wireless Technology
Michael Nelson

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John McSweeney
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Harold Wilson

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Marty Livingston
Paul Preisser
Kevin Quinn
Ronald Segal
Michael Wagner

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415-623-7105 - fax
Tom McNell
Nick Padula
Daniel Petek

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Maryann Gorman
Brendan O'Brien
Liam Daul
Anson Sager
Howard Silfen
Ed Waller

KVT-11

From: Davis, James
Sent: Friday, October 18, 2002 9:55 PM
To: SFGC Global
Subject: Memphis Update

Attachments: report.doc

-----Original Message-----
From: Sheppard, Heather
Sent: Friday, October 18, 2002 3:50 PM
To: Davis, James
Subject:

To: SFGC Global

From: James M. Davis, CFO

Date: October 17, 2002

Subject: Memphis Office Update

Within our corporate strategic plan, a major goal is to conceive, plan, and implement a comprehensive investment strategy for the Stanford Group of Companies. At issue here is the desire to bring the wealth management concept to our many separate units that serve thousands of customers worldwide. We are presently building a wealth management framework that will be instrumental in guiding the creation and implementation of the various business models for all of our companies for the ultimate benefit of all our esteemed customers. Up until now, much of this framework and action and interaction by company has been intuitive. However, we are working on the formal strategic investment plan scheduling early first quarter 2003 to begin company-by-company small group meetings for the purpose of review, input, and enhancement. In these small group meetings, we will further refine individual applications of the investment strategy so that each department, each company, each division, and each unit understands fully how their teams relate to the plan and how the plan relates to their teams.

As an integral part of our overall investment strategy, over the past three and one half years I have been working with Laura Pendergest Amy and her investment research team to create a world-class portfolio research management and trading division. Historically, my office has implemented the Board of Director's investment management philosophy by using the global expertise of proven advisory relationships. This has been a successful model. However, the Stanford Group has grown immensely over recent years and the strategy of the Board of Directors, with respect to investment management, has been modified so as to directly manage our various portfolios, trading activities, and research in an ever-increasing way. To that end, Laura has hired and trained an elite group of managers and analysts; as a consequence, over the past twenty-four months we have measurably increased the hands-on management of a large part of our traditional portfolios and the lion's share of economic and market research. On the alternative investment front, Laura's team has conceived, planned, and

implemented some half dozen trend following trading systems. These systems have been exhaustively back-tested through the alpha testing stage and two of the systems have completed beta testing and are now trading live with spectacular results. Therefore, we are still executing our tried and true investment philosophy, but with significantly more direct hands on management.

Investments and Research Division:
The most important resource of any company division, department, unit, or project is the human element. I believe in growth, for without it our group will wither on the vine. We have experienced considerable growth company wide and in the Investments and Research division - in quality and quantity. Consistent growth is primarily a product of a strong resource of talent.

Leading the growth on the investment front has been our Managing Director of Investments and Research, Laura Pendergest Amy. Laura came to Stanford from Mississippi State University six years ago after receiving her Master's Degree in Mathematics with honors. Following an intensive three-year management and technical training program as a Research Analyst and Proprietary Trader, Laura was promoted to Portfolio Manager where she had personal responsibility for several hundred million dollars of assets under management. It was during her tenure in this position that she single-handedly built the investment and research division as we know it today.

Earlier this year, Laura was promoted to the position of Managing Director of Investments and Research, reporting to the Chief Financial Officer, and as such the Investment Committee of the Board of Directors. In this position Laura oversees research, proprietary trading, portfolio management and implements investment strategy for the Group. Laura and her team manage in excess of 1.6 billion in assets as they interact globally for the benefit of the Stanford companies, especially for SIBL, STCL, BOA and SFG.

Please join me and offer congratulations to Laura for her recent promotion and for the job she and her team have done this year.

As we continue to grow I urge you to utilize the Memphis team in any way that you feel will bring value to your operation. Laura is the manager of this office. Contact Laura with all Investments and Research issues and other day-to-day concerns where the Memphis office is involved.